



***Internship Report***

***On***

***Financial Ratio Analysis of a 3<sup>rd</sup> generation bank in Bangladesh.***

***A Detailed Analysis of Jamuna Bank Limited***

**Internship Report on Financial Ratio Analysis of a 3<sup>rd</sup> generation bank in  
Bangladesh -A Detailed Analysis of Jamuna Bank Limited**



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## **DECLARATION OF STUDENT**

Myself, Sayan Das Mishu, ID-11204076, the student of BRAC Business School, BRAC University (Major in Accounting). I have completed my Internship Program from Jamuna Bank Limited. I have prepared this report on the Ratio Analysis of Jamuna Bank Limited Limited based on annual report and other information. In this report I have included all the information, which I got during my internship period. I have written this report on the basis of my work experience and observation during the internship period.

So, I am declaring that, this report is original in nature and not copied from other sources.

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## ACKNOWLEDGEMENT



I would like to express my deep gratitude to all those who have been helpful in the preparation of this internship report. It certainly would not have been possible without the help of many people and I would like to acknowledge my pleasure to all those who had helped me during this entire process.

At the very beginning I would like to express my deepest gratitude to almighty for giving me the strength and the composure to finish the task. Internship report is an essential part of the BBA program and to complete the process I have worked in Jamuna Bank Limited, Sonargaon Road Branch.

It is a great pleasure to prepare internship report on “Financial Performance Analysis of a 3<sup>rd</sup> generation bank in Bangladesh.-A Detailed Analysis of Jamuna Bank”. On this manner I would like to express my deepest gratitude to my honorable academic supervisor, Md. FazlaMohiuddin, Lecturer, BRAC Business School, BRAC University for permitting and guiding me to prepare the report.

I want to thank my organizational supervisor Mr. Mohammad MonirHossain, Executive Officer for supervising and helping me in the work at Jamuna Bank Limited, Sonargaon Road Branch.

I would like to express my thanks to Foreign Exchange Division especially, Ms.Sarmin Sultana, Senior Executive Officer of Jamuna Bank Limited, Sonargaon Road Branch. Above all I like to give thanks to every member of the branch for their helping hand towards me. I really enjoyed this three month.

# Executive Summary

Jamuna Bank Ltd. was incorporated as a public Limited company on the 3rd June 2001 under Company Act 1994. This is a 3<sup>rd</sup> generation bank. The Bank carries banking activities through its 97 branches in the country. The commercial banking activities of the bank encompass a wide range of services including mobilizing deposits, providing investment facilities, discounting bills, conducting money transfer and foreign exchange transactions, and performing other related services such as safe keeping, collections and issuing guarantees, acceptances and letter of credit.

Here I discussed about the “Financial Performance Analysis of Jamuna Bank Limited along with 2 branch financial performance comparison.” To discuss this I have also given information about the vision, mission, goal, objectives, core values and all related information of Jamuna Bank Limited.” By doing this report I am able to gain a vast knowledge how to calculate all financial ratios and evaluate the performance of a financial institution.

Customers of the bank are moderately satisfied to the service of the bank; employees of the organization try their best to support the customer. Growth of JBL's core is praiseworthy and we comply with all regulations throughout the years.

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# **Chapter-01**

## ***INTRODUCTION OF THE REPORT***

# Description Of The project



## 1.1 Origin of the Report

Internship program is the most important period for a BBA student. The duration of internship program is 3 months, which carries a best learning process to know about the organization and cope up the environment in such a way like professional employees. The experience that got by an intern during the internship period will make them more smart and professional in their future job sector. I was started my internship at Jamuna Bank Limited, Sonargaon Road Branch from September 3, 2015 and ended in December 3, 2015

## 1.2 Objective of the Report

I have worked in various Department of Jamuna Bank Ltd, Sonargaon Road Branch. In this report, I will try to make an overall analysis on all activities of Jamuna Bank Ltd specially focuses on Financial prospect of the branch as well as whole bank.

### **Broad Objective**

The objective of the Internship is to involve the students with the organizational working environment and this report is a result of such organizational involvement. In Bangladeshi context less number of researches was done on financial prospect of any 3<sup>rd</sup> generation bank as well as less work done on financial performance of their branches. The primary objective of this report is to provide critical evaluation on the **Financial Performance of A 3<sup>rd</sup> generation Bank of Bangladesh** over five years along with analyzing two important branch financial position of that bank.

### **Specific Objective**

- For evaluating a 3<sup>rd</sup> generation bank I chose Jamuna Bank Limited and evaluate its financial performance from 2010 to 2014 using several ratios.
- Two most important braches of Jamuna Bank Limited is Sonargaon Road Branch and Mohakhali Branch. I evaluate these braches financial performance and finding their competitive position
- To find out the reason behind JBL's enhancements or pitfalls of performance over years

- Trying to find out the present performance of the bank and predate the near future
- To gather knowledge about the profitability of the bank through Profitability Ratios
- Trying to evaluate the operational efficiency of the bank
- Lastly my observation from both practical working experience and financial performance analysis and recommendation where they need improvement

### **1.3 Methodology**

The report is descriptive in nature. To prepare a report gathering data is very important. The information was collected from both primary and secondary sources of data. Regarding the information required was collected within the organization from the Corporate Division of Jamuna Bank Limited

#### **Primary data**

- Practical desk work.
- Face to face conversation with the respective officers and clients.
- Questionnaire survey of Bank clients and employees.
- Collect ratios from Audit department
- Collect ratio of Mahakhali Branch and Sonargaon Road Branch

#### **Secondary data**

- Study on Annual Reports of Jamuna Bank Limited.
- Online data from JBL website.
- Analysis several article related on financial analysis importance through internet

### **1.4 Scope of the Report**

Banks have been playing an important role in economic development and contributing immensely to build the country. Banking sector is fast expanding in our country because of globalization and reform of private sector. To survive as a key player in this highly competitive and complex business environment a bank should develop its business focusing the customer's satisfaction.

## **1.5 Significance of the report**

As a student, I have learned about a bank; I also have learned the report writing, as a great deal of theory is included in this report. It will be also benefited for the people who are interested to know about JBL. The uniqueness of this report is the comparison of any branch of this bank. Here I try to evaluate the two most important branch of JBL which help user of this report to evaluate the performance of these two most important branch financial prospects as well as predict other 95 branches financial performance.

## **1.6 Limitations of the study**

Due to some legal obligation and business secrecy the bank was reluctant to provide some sensitive data. Thus, this study limits only on the available published data and certain degree of formal and informal interview and limited survey. Although the particular study is extensive in nature, hard effort was given to make the study worthwhile and meaningful even then there exists some limitation. Altogether the internship period in the bank was not free from limitations. I faced some problems during the study, which I am mentioning below:

### **Lack of time**

I was in the bank for three months so within this short span of time it is very difficult to be familiar with all the activities of the bank.

### **Lack of Supervision by the bank officers**

As the officers were busy with their daily working activities, they were not able to give me much time apart from their daily working activities.

### **Restricted Information**

There were various types of information's that the bank officers cannot disclose due to the security and other corporate obligations.

### **Other limitation:**

As I was a newcomer and had no previous experiences in the banking sector and many practical matters in the bank were in written form so my own observations may vary from person to person.





## Overview of Jamuna Bank Limited



Jamuna Bank Ltd. is a third generation bank in Bangladesh. It provides commercial banking services in the Bangladesh. It is playing an important role to develop the business sector. The growth of this bank is very good. Its motto is to provide a prompt and quick service to the clients. Jamuna Bank Ltd. has implemented well-structured online banking systems that make it easier to provide prompt services to the customer. The bank primarily engages in corporate banking, trade finance, project finance, retail banking, small enterprise finance, consumer finance, and syndication. Its range of service offerings include cash management services, payments and clearings, safe deposit locker services, employee benefits, collection services, treasury services, asset management, services and SWIFT for foreign trade.

Like the mighty river Jamuna, Jamuna Bank represents integrity, transparency prosperity of one hand: resilience, enthusiasm, vastness and flourishing attitude on the other hand the way the great river Jamuna incessantly and selflessly flows ahead holding all the resources within it. Jamuna Bank also continues to enrich people's lives with its multipurpose, countless beneficial products and services which will change their destination towards a better future.

**Being a 3<sup>rd</sup> generation bank of Bangladesh, Jamuna Bank Limited is focused on-**

-  **Developing Human Capital**
-  **Provide best service to Clients**
-  **Remaining with time**
-  **Modernized product and services**

Jamuna Bank Limited has so far been highly successful in keeping its clients satisfied with its high quality service, while continuing its expansion to reach more people around the country. It conducts all types of commercial banking activities. The core business of the bank comprises of trade finance, term finance, working capital finance and corporate finance.

### **CAPITAL POSITION (December 31, 2014)**

**Authorized Capital: Tk.10000 million**

**Paid-up capital: Tk.4488 million (raised up around Tk.840 million from 2013)**

**Reserve & Retained Surplus: Tk.5650 million**

Capital and Paid-up Capital of Tk.10000 million and Tk.4488 million respectively. The Paid-up capital has been raised to 840 million and the total equity of the bank stands at 8325

JBL undertakes all types of banking transactions to support the development of trade and commerce of the country. JBL's services are also available for the entrepreneurs to set up new ventures and BMRE of industrial units. Jamuna Bank Ltd. the only Bengali named new generation private commercial bank was established by a group of winning local entrepreneurs conceiving an idea of creating a model banking institution with different outlook to offer the valued customers, a comprehensive range of financial services and innovative products for sustainable mutual growth and prosperity. The sponsors are reputed personalities in the field of trade, commerce and industries. The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. The Management of the bank constantly focuses on understanding and anticipating customer's needs. The scenario of banking business is changing day by day, so the bank's responsibility is to device strategy and new products to cope with the changing environment. Jamuna Bank Ltd. has already achieved tremendous progress within only twelve years. The bank has already ranked at top of the quality service providers & is known for its reputation.

The Bank offers both conventional and Islamic banking through designated branches. The Bank is being managed and operated by a group of highly educated and professional team with diversified experience in finance and banking. The Management of the bank constantly focuses on understanding and anticipating customers' needs. Since the need of customers is changing day by day with the changes of time, the bank endeavors its best to device strategies and introduce new products to cope with the change. Jamuna Bank Ltd. has already achieved tremendous progress within its past 10 years of operation. The bank has already built up reputation as one of quality service providers of the country.

At present the Bank has real-time Online banking branches (of both Urban and Rural areas) network throughout the country having smart IT-backbone. Besides traditional delivery points, the bank has ATMs of its own, sharing with other partner banks and consortium throughout the country.


Jamuna Bank Ltd. offers different types of Corporate and Personal Banking Services involving all segments of the society within the purview of rules and regulations laid down by the Central Bank and other regulatory authorities. As per the provisions of Bangladesh

Bank license, the Bank has offered initially its shares to public by Pre – IPO and subsequently sold shares to the public through IPO in the year 2004. The shares of the Bank are listed with both Dhaka Stock Exchange Ltd. & Chittagong Stock Exchange Ltd.

Jamuna Bank Limited (JBL) is a Banking Company registered under the Companies Act, 1994 with its Head Office at Hadi Mansion, 02 Dilkusha C/A, Dhaka-1000. The Bank started its operation from 3rd June 2001

### JAMUNA BANK LIMITED (JBL) AT A GLIMPSE



|                           |   |
|---------------------------|---|
| Organization Name         | <b>Jamuna Bank Limited</b>  |
| Short Form                | <b>JBL</b>  |
| Logo                      |  |
| Corporate Slogan          | <b>Your Partner For Growth</b>  |
| Operation Started         | <b>3<sup>rd</sup> June, 2001</b>  |
| Chairman                  | <b>Mr. Md. Sirajul Islam Varosha</b>  |
| Managing Director         | <b>Mr. Shafiqul Alam</b>  |
| Operating profit (2014)   | <b>Tk. 3021 million</b>   |
| Profit Before Tax (2014)  | <b>Tk. 1847 million</b>   |
| Profit After Tax (2014)   | <b>Tk. 1347 million</b>   |
| Number of Branches (2014) | <b>97</b>   |
| Swift Code                | <b>JAMUBDDH</b>   |
| Web Page                  | <b><a href="http://www.jamunabankbd.com">www.jamunabankbd.com</a></b>                 |

## Vision, Mission, Value's, Objective and ownership structure of Jamuna Bank Limited

### VISION

To become a leading banking institution by playing a significant role in the development of the country

### MISSION

The bank is committed to satisfy diverse need of its customers through an array of products at a competitive price by using appropriate technology and providing timely service so that a sustainable growth, reasonable return and contribution to the development of the country can be ensure with a motivated and professional workforce.

### VALUES

- Place customer interest and satisfaction as first priority and provide customized banking products and services.
- Value addition to the stakeholders through attaining excellence in banking operation.
- Contribute significantly for the betterment of society.
- Ensure higher degree of motivation and dignified working environment for our human capital and respect optimal work-life balance.
- Committed to protect the environment and go green.
- Employees of JBL share certain common values, which helps to create a JBL culture
- The client comes first.
- Search for professional excellence.
- Quick decision-making.
- Flexibility and prompt response.





## OBJECTIVES

- Earn and maintain CAMEL Rating 'Strong.'
- Establish relationship banking and improve service quality through development of Strategic Marketing Plans.
- Remain one of the best banks in Bangladesh in terms of profitability and assets quality.
- Introduce fully automated systems through integration of information technology.
- Ensure an adequate rate of return on investment.
- Keep risk position at an acceptable range (including any off balance sheet risk).
- Maintain adequate liquidity to meet maturing obligations and commitments.
- Maintain a healthy growth of business with desired image.
- Maintain adequate control systems and transparency in procedures.
- Develop and retain a quality work force through an effective human Resources Management System.
- Ensure optimum utilization of all available resources.
- Pursue an effective system of management by

## Ownership structure

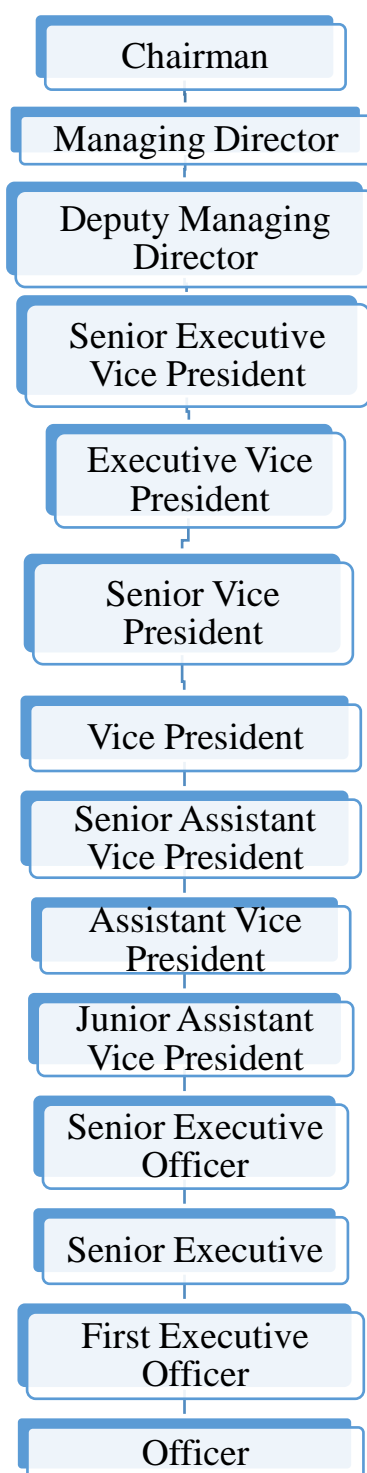
Leading industrialists of the country having vast experience in the field of trade and commerce own 52.48% of the share capital and the rest held by the general public. JBL's board currently consists of 19 directors. Authorized capital is tk.4000 million and paid up capital is tk.2230 million on 2014.

## Strategic Priority of Jamuna Bank Limited

A decorative graphic consisting of a blue arrow pointing left and a green arrow pointing right, both originating from a central point below the title.

- Delivering customer' desired products and services to create true customers' value.
- Focusing on export of both traditional and non-traditional items and remittance to ensure a comfortable position of foreign exchange all the time.
- Doing businesses that have higher risk adjusted return.
- Focusing on maintenance of assets quality rather than its aggressive expansion.
- Changing the deposit mix thereby reduce the cost of deposits.
- Ensuring all modern alternative delivery channels for easy access to our services by customers.
- Taking banking to the doorstep of our target group.
- Restructuring existing products and introducing new products to meet the demand of time and the target group.
- Entering into new avenues of business to increase profitability.
- Bringing unbanked people into our delivery channels.
- Increasing fee based service/activities where costly capital is not changed.
- Ensuring organizational efficiency by continuous improvement of human capital and motivation level, dissemination of information and thereby ensuring a sustainable growth of the organization.
- Maximizing shareholders' value at all times alongside ensuring a sustainable growth of the organization.
- Pursuing CSR activities for our continued support to future generation, distressed people and for advancement of underprivileged people of the country.
- Establishing the brand image as a growth supportive and pro-customers' bank.
- Strengthening risk management techniques and ensuring compliance culture.
- Remaining cautious about environment and supporting for maintaining a green and clean soil.

## Operational Network Organogram



## Products/Service Offerings

The Bank has a collection of mode that prepared financial products and services. Such products are based on Monthly Savings Schemes, Consumer Credit Schemes, Lease Finance

and Personal Loan for Women and Shop Finance Scheme and so on. Jamuna Bank Ltd, also familiar with Q-cash ATM cards for its valued customers providing 24 hours banking services through Debit Cards. JBL offers the following services to valued customer. The Bank is providing different types of services. Some of them are mentioned in below:

### **Islami Banking Branch**

In the year 2004, Jamuna Bank Limited opened another Islamic banking branch at Jubilee Road, Chittagong on November 27, 2004. The already existing Nayabazar Islamic Banking Branch started its operations from October 25, 2003, the total Islamic banking branches stands at 02 (Two). The operational performance of the branches as on 31-12-2008 is shown through the Balance Sheet, Profit & Loss Account of the Islami Banking Branches below:

JBL's Shariah Council consists of 06 (Six) members, among them 02 (two) are Khatib, 01 (one) is Ex-Economic Advisor, 01 (One) is Vice chancellor, Islami University, 01 (One) is Principal and other one is Banker. During the year 2009, the Shariah council of JBL conducted 03 meetings to discuss all aspects of Islamic Branches operation.

### **Portfolio Management Service**

Since inception, we have achieved an unparalleled reputation as a leading Merchant Banker through providing portfolio management services by maintaining a high level of professional expertise and integrity in client relationships. Keeping customer preferences as an investor in mind, Jamuna Bank Ltd. has designed Investors' Discretionary Account (IDA) and Bank's Discretionary Account (BDA). In these accounts the customers may enjoy loan facilities at a ratio 1:1 for investments in private placement, IPO, and secondary market operations.

### **JBL Special Banking Services:**

Special Banking services of Jamuna Bank are considering the Personal services. The bank is offering wide-ranging products and services. These services and products are matching with the customer's requirements. Transactions of accounts, savings schemes or loan facilities from Jamuna Bank Ltd make available for every customer in a unique and uniform mixture of easy and expert service superiority.

JBL offers the Special Banking Services like Current Deposit Account, Savings Deposit Account, Short Term Deposit Account, and Fixed Deposit Accounts. It also offers attractive rates on various deposit schemes.

### **JBL Corporate Banking Services**

Jamuna Bank Ltd. offers a complete range of advisory, financing and operational services to its corporate client groups combining trade, treasury, investment and transactional banking activities in one package. The corporate Banking specialists will render high class service for speedy approvals and efficient processing to satisfy customer needs. Corporate Banking business envelops a broad range of businesses and industries. You can leverage on the know-how in the following sectors mainly:

- ☐ **Agro processing industry**
- ☐ **Industry (Import Substitute / Export oriented)**
- ☐ **Textile, Spinning, Dyeing/Printing**
- ☐ **Export Oriented Garments, Sweater.**
- ☐ **Engineering, Steel Mills**
- ☐ **Chemical and chemical products etc.**

## **Online Banking**

Jamuna Bank Limited has introduced real-time any branch banking on December 31, 2010. Now, customers can withdraw and deposit money from any of its 65 branches located at Dhaka, Chittagong, Sylhet, Gazipur, Bogra, Naogaon, Narayanganj, Dinajpur, Kushtia, Rajshahi, Bashurhat, Sirajganj and Munshigonj. The valued customers can also enjoy 24 hours banking service through ATM card from any of Q-cash ATMs located at Dhaka, Chittagong, Khulna, Sylhet and Bogra.

## **Types of Deposit account**

There are several types of deposit accounts. Each account has different characteristics and every account has some specific purpose to serve. JBL offers the following key Personal Banking Services. According to their uniqueness they are described as follows:

### **i. Savings Account:**

It is the general account of the JBL (Mirpur Branch) individual or more than two persons can open a savings account on JBL. The officers and authorize persons are issuing cheque book, deposit slips and statement of account to the holder of savings. The officer justifies the information that is submitted by the account holder for opening of the account. The officers

of the bank process account-opening formalities.

## **ii. Current Deposit Account:**

JBL is one of the newly established well-reputed third generation private commercial bank in Bangladesh. It operates very diverse current account operation. They serve various types of customers, like current account for private limited company, current account for public limited company, current account for partnership business, etc.

## **iii. Foreign Currency Account:**

The JBL also operate Foreign Currency Account for Bangladeshi Wage Earners or for Foreign Nationals/Company/Firms etc. to send their valued earned foreign currency into the country.

## **iv. Short Term Deposit Account (STD):**

JBL also offers Short Term Deposit to its valued customers. Short Term Deposit is a deposit account where the payment of interest is paid on month basis. These items include the deposits for a period ranging from 7 (seven) days to 89 (eighty-nine) days. These types of liabilities are payable on special notice or after a specified period other than the fixed deposits. Some of these types of deposits are of the nature of time deposits. The rate of interest on STD account is 4.5% per annum. There are some rules and regulations that must be maintained by the STD account holder. If the STD account holder wants to withdraw the money from the account they have to inform the bank before, otherwise the account holder may not get the interest in full amount.

## **Schemes:**

Schemes are the most important sources of enhancing banks deposit. Mainly bank is the lender of money, which is deposited by various types of depositor. These schemes are different in nature and types and also in interest rates. These deposits give the customers to deposit the idle money in profit earning schemes and also provide the security. Jamuna Bank limited as third profit earning to the depositors and generation modern and technology based modern commercial bank offers various types of customer's friendly deposit schemes to its valued customers. These schemes are highly also unique in security.

## **Marriage Deposit Scheme**

Marriage of children, especially daughter is a matter of great concern to the parents. Marriage of children involves expense of considerable amount. Prudent parents make effort for gradual building of fund as per their capacity to meet the matrimonial expense of their children specially daughters. Parents get relief and can have peace of mind if they can arrange the necessary fund for marriage of their children.

|   |  |
|---|--|
| <input type="checkbox"/> <b>Loan (General)</b><br><input type="checkbox"/> <b>House Building Loan (General</b><br><input type="checkbox"/> <b>House Building Loan (Staff)</b><br><input type="checkbox"/> <b>Other Loans to Staff</b><br><input type="checkbox"/> <b>Cash Credit (Hypo.)</b><br><input type="checkbox"/> <b>Cash Credit (Pledge)</b><br><input type="checkbox"/> <b>Corporate Social Responsibilities of the Jamuna Bank Limited</b><br><input type="checkbox"/> <b>Hire Purchase</b><br><input type="checkbox"/> <b>Lease Financing</b><br><input type="checkbox"/> <b>Time Loan</b> | <input type="checkbox"/> <b>SOD (Export)</b><br><input type="checkbox"/> <b>Cons SOD (General)</b><br><input type="checkbox"/> <b>SOD (Others)</b><br><input type="checkbox"/> <b>PAD</b><br><input type="checkbox"/> <b>LIM</b><br><input type="checkbox"/> <b>LTR</b><br><input type="checkbox"/> <b>IBP</b><br><input type="checkbox"/> <b>Export Cash Credit (ECC)</b><br><input type="checkbox"/> <b>Packing Credit (PC)</b><br><input type="checkbox"/> <b>F D B P</b><br><input type="checkbox"/> <b>IDBP</b> |
|---|--|



# **JOB RESPONSIBILITIES AND OBSERVATION**

I was assigned at the Sonargaon Road Branch of Jamuna Bank Limited to complete my internship program. During my three (3) months internship program I enjoyed the work at the bank but most importantly I learned how to work under pressure with great responsibilities. Throughout this time I have got the opportunity to work with different department of Jamun Bank Limited. There are 3 different departments in Sonargaon Road Branch and they are:

1. General Banking (GB)
2. Foreign Exchange Department
3. Accounting Department (AD)

I was rotated across all 3 different departments in the past 3 months. However, my main Concentration was Credit department and thereby, I allocated maximum time to work at credit department section.

## The Nature of the jobs and my Specific Responsibilities



The first week I was in the Cash Department. Banks don't usually put interns in this department but I was lucky to see firsthand what happens behind the counter. I did not have much responsibility in that department as I was not to mess with their hectic and hasty transactions, but they eventually did give me some work. My responsibilities in this department were just to assist them in any small way possible. I learned the following from this department:

1. Counting money in various ways
2. Use the counting machine
3. Use the photocopy machine
4. Counting the vouchers
5. Checking the individual EOD (End of day Journal report) of each cashier

Although these activities were small, they helped me understand the nature of the work.

At **General Banking Division**, I was assigned to GB (General Banking). I spent the next two (2) weeks here. It was very arduous, but very fruitful. I had a wide variety of responsibilities at GB:

- Bringing out the cheque books for the customers and verifying them,
- Counting the voucher of GB
- Finding the FD, DPS and old account opening forms
- Opening account for new customers and aiding them in the process
- Opening FD and DPS for new customers

- Putting 5 different types of seals for clearing
- Numbering shares and putting seals on them during IPOs
- Preparing the bill for the branch's expenditure for that day
- Making solvency certificates
- Keeping things in order and at arm's length

The work was really hard at GB. I also had to hear a lot of complaints from the customers. At first I was demoralized. But later on I learned how to deal with it.

At **Accounting Department**, the last 4 weeks I was posted in the accounting department. The routine daily tasks of the accounts departments are Such as:

- Arranging the supplementary and voucher
- Input the employee salaries
- File different document
- Write several expenditure vouchers
- Solve some ratios which was given my audit department to the branch accounts department.

I also spend few weeks in Foreign Exchange Department under the supervision of Ms.Sarmin Sultana (SEO). In that department main task is to fill up the Letter of Credit form and keep record of all LCs in register book.

## Observation

Working at JBL, Sonargaon Road Branch was a great experience for me. I have learnt many things from them. From my little knowledge what I have observed and some recommendations are as follows:

It was very interesting working at Jamuna Bank. The people there are really nice and talented. The things that I have noticed and observed are:

- Work environment is very friendly and employees are co-operative
- Employees are active and sincere to their assigned job responsibilities
- Work is never left pending for the next day unless it is absolutely necessary

- The work process could be made faster with better computers and operating systems.
- There is always a rush of customers so there is no standard on what the employees do throughout the day. The work activities of an employee is set, but what to do when varies along the day
- The work activities are always set and divided for each of the employees. This is the way it should be, but when I saw it firsthand it was remarkable. Each and every employee has a certain set of responsibilities. He/she carries out those responsibilities throughout the day. It is also easy to assign duties that way. Even though this is the case, I often saw other staff members helping each other out.
- There is less coordination between casual staffs like tea boy, peon and cleaner.

# ***PROJECT DESCRIPTION***

Description Of The project



**Origin of the Report**

Internship program is the most important period for a BBA student. The duration of

internship program is 3 months, which carries a best learning process to know about the organization and cope up the environment in such a way like professional employees. The experience that got by an intern during the internship period will make them more smart and professional in their future job sector. I was started my internship at Jamuna Bank Limited, Sonargaon Road Branch from September 3, 2015 and ended in December 3, 2015

### **Background of the Report**

I have worked in various Department of Jamuna Bank Ltd, Sonargaon Road Branch. In this report, I will try to make an overall analysis on all activities of Jamuna Bank Ltd specially focuses on Financial prospect of the branch as well as whole bank.

### **Broad Objective**

The objective of the Internship is to involve the students with the organizational working environment and this report is a result of such organizational involvement. In Bangladeshi context less number of researches was done on financial prospect of any 3<sup>rd</sup> generation bank as well as less work done on financial performance of their branches. The primary objective of this report is to provide critical evaluation on the **Financial Performance of A 3<sup>rd</sup> generation Bank of Bangladesh** over five years along with analyzing two important branch financial position of that bank.

### **Specific Objective:**

- For evaluating a 3<sup>rd</sup> generation bank I chose Jamuna Bank Limited and evaluate its financial performance from 2010 to 2014 using several ratios.
- Two most important braches of Jamuna Bank Limited is Sonargaon Road Branch and Mohakhali Branch. I evaluate these braches financial performance and finding their competitive position
- To find out the reason behind JBL's enhancements or pitfalls of performance over years
- Trying to find out the present performance of the bank and predate the near future
- To gather knowledge about the profitability of the bank through Profitability Ratios
- Trying to evaluate the operational efficiency of the bank

- Lastly my observation from both practical working experience and financial performance analysis and recommendation where they need improvement

### **Methodology**

The report is descriptive in nature. To prepare a report gathering data is very important. The information was collected from both primary and secondary sources of data. Regarding the information required was collected within the organization from the Corporate Division of Jamuna Bank Limited

#### **Primary data**

- Practical desk work.
- Face to face conversation with the respective officers and clients.
- Questionnaire survey of Bank clients and employees.
- Collect ratios from Audit department
- Collect ratio of Mahakhali Branch and Sonargaon Road Branch

#### **Secondary data**

- Study on Annual Reports of Jamuna Bank Limited.
- Online data from JBL website.
- Analysis several article related on financial analysis importance through internet

### **Scope of the Report**

Banks have been playing an important role in economic development and contributing immensely to build the country. Banking sector is fast expanding in our country because of globalization and reform of private sector. To survive as a key player in this highly competitive and complex business environment a bank should develop its business focusing the customer's satisfaction.

### **Significance of the report**

As a student, I have learned about a bank; I also have learned the report writing, as a great deal of theory is included in this report. It will be also benefited for the people who are

interested to know about JBL. The uniqueness of this report is the comparison of any branch of this bank. Here I try to evaluate the two most important branch of JBL which help user of this report to evaluate the performance of these two most important branch financial prospects as well as predict other 95 branches financial performance.

### **Limitations of the study**

Due to some legal obligation and business secrecy the bank was reluctant to provide some sensitive data. Thus, this study limits only on the available published data and certain degree of formal and informal interview and limited survey. Although the particular study is extensive in nature, hard effort was given to make the study worthwhile and meaningful even then there exists some limitation. Altogether the internship period in the bank was not free from limitations. I faced some problems during the study, which I am mentioning below:

#### **Lack of time**

I was in the bank for three months so within this short span of time it is very difficult to be familiar with all the activities of the bank.

#### **Lack of Supervision by the bank officers**

As the officers were busy with their daily working activities, they were not able to give me much time apart from their daily working activities.

#### **Restricted Information**

There were various types of information's that the bank officers cannot disclose due to the security and other corporate obligations.

#### **Other limitation:**

As I was a newcomer and had no previous experiences in the banking sector and many practical matters in the bank were in written form so my own observations may vary from person to person.



# FINANCIAL STATEMENT ANALYSIS

## Banking industry of Bangladesh



Banking sector plays an important role in the economic development of a country especially Business and Economic Research for Bangladesh, a sound and efficient banking system is one of the most important preconditions to achieve economic development.

The banking industry of Bangladesh is a mixed one comprising nationalized, private and foreign commercial banks. Many efforts have been made to explain the performance of these banks. Understanding the performance of bank requires knowledge about the profitability and the relationships between variables like market size, bank's risk and bank's market size with profitability. Indeed, the performance evaluation of commercial banks is especially important today because of the fierce competition. The banking industry is experiencing major transition for the last two decades. It is becoming an imperative for banks to endure the pressure coming from both domestic and external factors and prove to be profitable. Until the early 1985, Bangladesh had a highly repressed financial sector. Banks and other financial institutions were fully owned by the government. In the early of 1980, Bangladesh entered into the IMF/ World Bank adjustment programs and the process of privatization and liberalization gained momentum under the influence of the World Bank and The IMF. Since then the banking industry of Bangladesh has become an attractive ground for both domestic and foreign investors to take part in the game. It is of the utmost important of these players to prove themselves profitable and work on those pillars of the same.

### **Brief Discussion of Financial Analysis**



Financial analysis is structural and logical way to present overall financial performance of a financial institution. It's also help to evaluate and decision making for business operation. In financial analysis process ratio analysis is the most dominant and logical structure to help

business related stakeholder. Under the financial ratio analysis process there are few categories to identical area of financial institution. So business stakeholders try to concentrate to get overall business overview from profitability, liquidity, assets management and solvency ratio analysis. These ratios not only help to decision making process also emphasized on risk avoiding and profit raising related factors. To calculate this ratio need to take quantitative data from bank trading activity and other sources.

Financial statement Analysis involves a comparison of a firm's performance with that of other firms in the same line of business, which usually is identified by the firm's industry Classification. Generally speaking the analysis is used to determine the firm's financial position so as to identify its current strengths and weakness and to suggest action the firm might pursue to take advantage of the strength and correct any weakness.

### **Literature Review**

With respect to the Performances of Bangladeshi Banking sector, foreign and national experts undertook number of studies. All this studies provide me a great insight to evaluate bank financial performance by using one of the main indicators which is ratio analysis

The easiest way to evaluate the performance of a firm is to compare its present ratio with the past ratio. It gives an indicator of the direction of change and reflects whether the firm's financial performance has improved, deteriorated or remained constant over time.(Pandey, 2004)

James pointed out that financial ratios are used by bankers, creditors, shareholders and accountants to evaluate data presented on an entity financial statement. Depending on the results of the evaluations, bankers and creditors may choose to extend or retract financing and potential shareholders may adjust the level of commitment in a company. Financial ratios are important tools that judge the profitability, efficiency, liquidity and solvency of an entity.

Van Horne & Wachowicz Jr(2005)stated that to evaluate a firm's financial condition and performance the financial analyst need to perform "checkups" on various aspects of a firm's financial health. A tool frequently used these checkup is a financial ratio.

One can employ financial ratios to determine a firm's liquidity, profitability, solvency, and adequacy used financial ratios to show the financial position and performance analysis of Bank.(Qamruzzaman, 2014)

Chowdhury & Ahmed (2009) observed that all the selected private commercial banks are able to achieve a stable growth of branches, employee, deposit, loans and advances, net income, earning per share during the period of 2002-2006. They indicate that the prospect of private commercial banks in Bangladesh is very bright.

With this increase of competition in banking industry, every bank is trying to provide their customers better services as much as possible to ensure maximum satisfaction (Uppal, 2010).

Evaluation of bank's performance from time to time helps them to know how well they are actually satisfying their customers and becoming successful. The performance evaluation of banks has thus taken high priority in the context of Bangladesh (Siddique & Islam, 2001).

If efficiency is gained in the banking sector, it will make the country domestically and internationally more competitive and capable of generating more income and employment opportunities. An appropriate evaluation of performance of selected banks requires a range of financial, operational and economic indicators to be applied (Chowdhury, 2002).

### **Ratio analysis**

Ratio analysis is a diagnostic tool that helps to identify problem areas and opportunities within a company. Ratio analysis is very important for every business, because by calculating ratio analysis we can understand the business position, business strength and weakness. By knowing this information, management can take its necessary steps to organize their goal.

# **RATIO ANALYSIS**

## **OF**

### **JAMUNA BANK LIMITED (JBL)**

#### **YEAR-(2010-2014)**

 **Performance (Ratio) Analysis**

In the report I analyzed the performance of EXIM Bank Ltd. in terms of –

- ❑ Liquidity Ratio
- ❑ Leverage Position
- ❑ Profitability
- ❑ Activity (Efficiency)
- ❑ Adequacy Ratio

### **Liquidity Ratio**

- Current Ratio

### **Leverage Position:**

- Debt to Equity Capital Ratio
- Debt to Total Assets Ratio

### **Profitability**

- Net Profit Margin
- Net Operating Margin
- Return on Equity (ROE)
- Return on Asset (ROA)
- Return on Deposit (ROD)

### **Efficiency**

- Tax management ratio
- Expense Control Efficiency
- Degree of Asset Utilization
- Operating Efficiency Ratio

### **Adequacy Ratio**

- Capital Adequacy Ratio
- Core Capital Ratio
- Loan to Deposit

## **5.1 Liquidity Ratio**

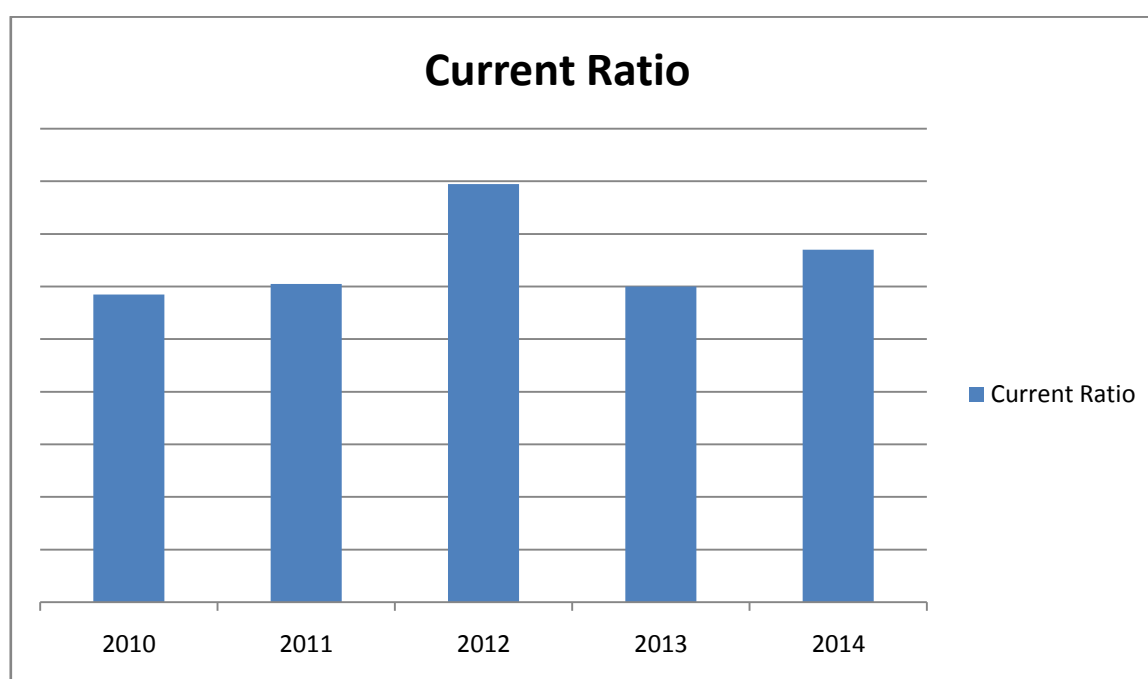
### **Current Ratio**

$$\text{Current Ratio} = \frac{\text{current assets}}{\text{current liabilities}}$$

**Table-1.1: Current Ratio from year 2010-2014**

| Particulars   | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------|------|------|------|------|------|
| Current Ratio | 1.17 | 1.21 | 1.59 | 1.2  | 1.34 |

(Source: JBL Annual Report: 2010-2014)



**Fig-1.1: Current Ratio from year 2010-2014**

(Author's Compilation)

### **Findings about Current Ratio**

According to the result of the ratio of JamunaBank Limited was 1.17 in the year 2010, 1.21 in 2011, 1.59 in 2012, 1.2 in 2013 and 1.17 in the year 2014. It means that the bank had following current assets in against of 1 tk. liability. In 2014 it was increased form the year 2013 which is a good sign for the bank. Because it proves that JBL has ability to pay off its current liabilities with its current assets. It fact the higher current ratio is better for the organization as it helps to prevent getting default and pay short term debt swiftly.

## **5.2 Leverage Position**

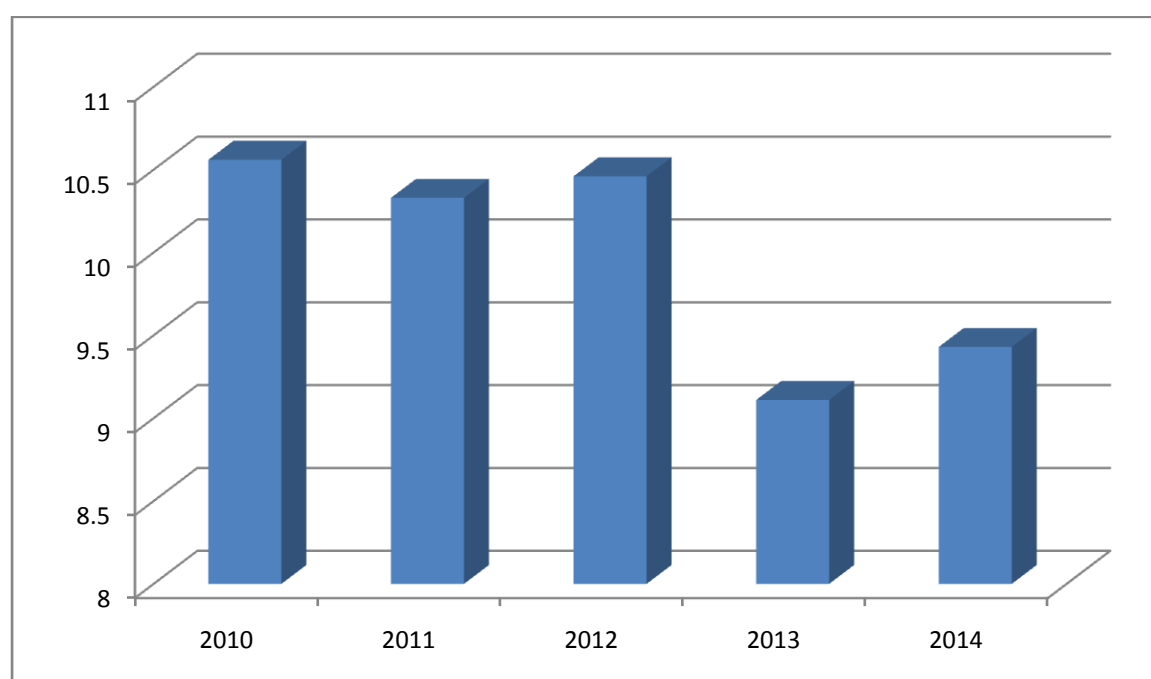
### **a. Debt to Equity Capital Ratio**

$$\text{Debt to Equity Capital Ratio} = \frac{\text{total debt}}{\text{total equity}}$$

**Table-2.1: Debt to Equity Capital Ratio**

| Year                         | 2010  | 2011  | 2012  | 2013 | 2014 |
|------------------------------|-------|-------|-------|------|------|
| Debt to Equity Capital Ratio | 10.56 | 10.33 | 10.46 | 9.11 | 9.43 |

(Source: JBL Annual Report: 2010-2014)



**Fig- 2.1: Debt to Equity Capital Ratio**

(Author's Compilation)

### **Findings about Debt to Equity Capital Ratio**

There is an unstable trend in the debt to equity capital ratio of Jamuna Bank Ltd. from 2010 to 2014. The debt to equity capital ratio of Jamuna Bank has decreased from 10.56 in 2010 to 9.43 in 2014 over 5 years period of time. It means that their liability is increasing at a higher rate than their equity capital from 2010 to 2014. But it increases from year 2013 to 2014. This higher outcome over years not only increases the risk but also increases the profit. Overall this implies that their leverage and overall risk is decreasing. Additionally, it also means that their expected earnings might increase due to escalating leverage.

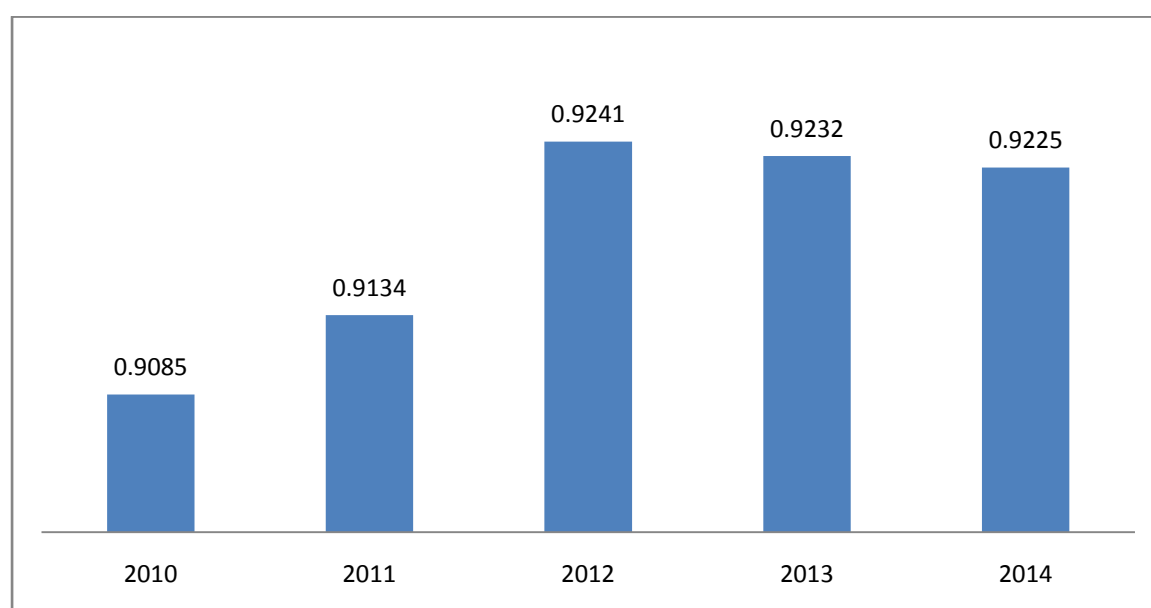
### **b. Total debt to Total Asset ratio**

$$\text{Total debt to Total Asset ratio} = \frac{\text{total debt}}{\text{total assets}}$$



**Table-2.2: Total Debt to Total Assets Ratio****In million**

| Particulars                             | 2010      | 2011      | 2012       | 2013       | 2014       |
|---|-----------|-----------|------------|------------|------------|
| <b>Total Liabilities</b>                | 63608.71  | 79783.82  | 101,353.68 | 106,800.71 | 128,683.91 |
| <b>Total Assets</b>                     | 70,013.90 | 87,065.13 | 109678.51  | 115,681.64 | 139,494.58 |
| <b>Total Debt to Total Assets Ratio</b> | 0.9085    | 0.9134    | 0.9241     | 0.9232     | 0.9225     |

**(Source: JBL Annual Report: 2010-2014)****Fig- 2.2: Total Debt to Total Assets Ratio****(Author's Compilation)****Findings about Total Debt to Total Assets Ratio**

Though there are slight fluctuations, Jamuna Bank has been able to maintain an average debt ratio of 0.92 from 2010 to 2014. Their total asset and their liabilities are increasing mostly in same range. But it has slightly decreased from 0.9232 to 0.9225 in 2014. This is good from a risk perspective, because higher leverage means higher earnings. Higher leverage also implies that the bank is exposed to higher risk. During good times when earnings are high, financial leverage is beneficial for a bank.

**5.3 Profitability Ratio****a. Net Profit Margin**

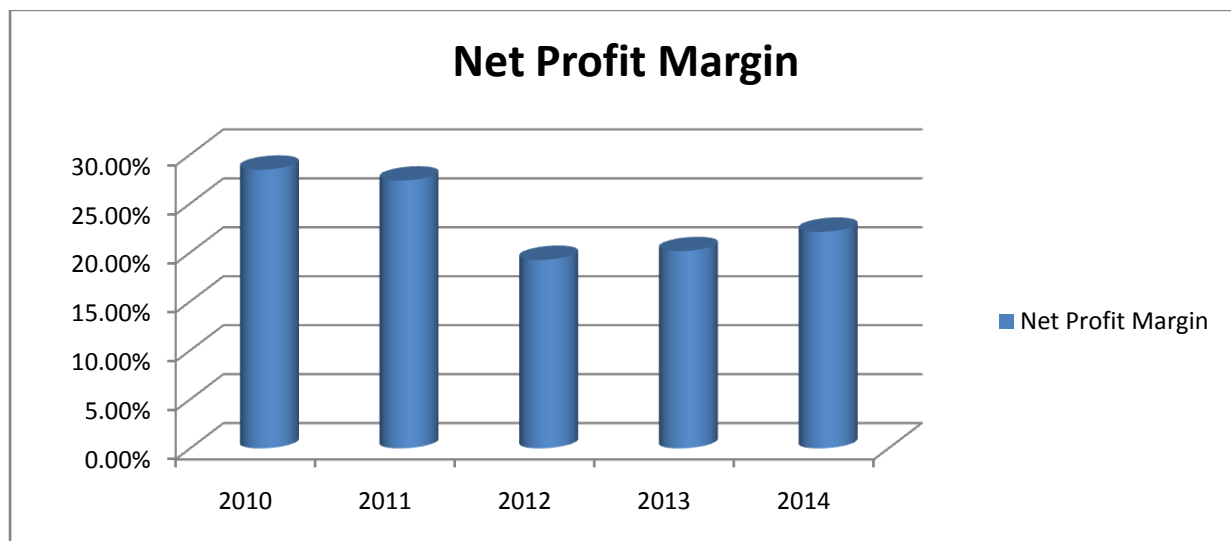
$$\text{Net Profit Margin} = \frac{\text{Net Income After Tax}}{\text{Total Operating Revenue}}$$

**Table-3.1: Net Profit Margin****In million**

| Particulars                 | 2010     | 2011     | 2012     | 2013     | 2014     |
|-----------------------------|----------|----------|----------|----------|----------|
| <b>Net Profit After Tax</b> | 1,066.01 | 1,330.19 | 1,017.66 | 1,135.19 | 1,347.11 |

|                               |          |          |          |          |          |
|-------------------------------|----------|----------|----------|----------|----------|
| <b>Total Operating Income</b> | 3,746.25 | 4,863.90 | 5,285.20 | 5,635.66 | 6,090.62 |
| <b>Net Profit Margin</b>      | 28.46%   | 27.35%   | 19.25%   | 20.14%   | 22.12%   |

(Source: JBL Annual Report: 2010-2014)



**Fig- 3.1: Net Profit Margin**

(Author's Compilation)

### Findings about Net Profit Margin

The Net Profit Margin ratio of Jamuna Bank is showing a declining trend. From 2010 to 2012 the Net Profit Margin has decreased incredibly. But from 2013 it is increasing but not like the profit margin of 2010 or 2011. It decreased because the increase in their total operating revenue is higher than the increase in net income after tax. It indicates that bank performance outcome is not that much up to the mark.

### b. Net Operating Margin

$$\text{Net Operating Margin} = \frac{\text{Operating revenue} - \text{Operating Expense}}{\text{Total Asset}}$$

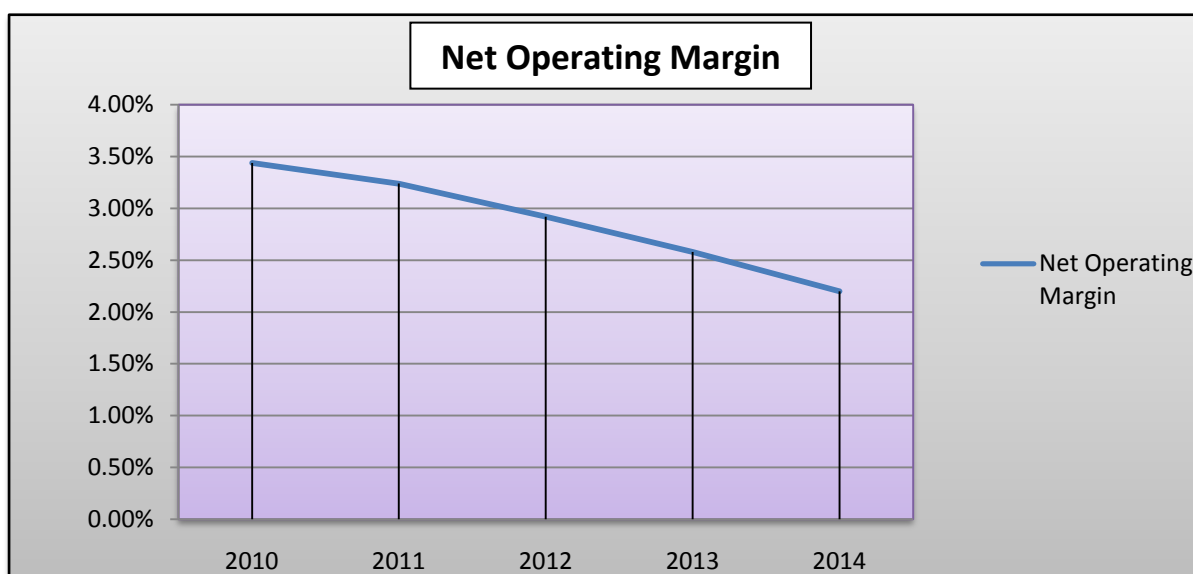
| Particulars                                 | 2010    | 2011     | 2012     | 2013    | 2014     |
|---|---------|----------|----------|---------|----------|
| <b>Total Operating Income</b>               | 3746.25 | 4863.9   | 5285.2   | 5635.66 | 6090.62  |
| <b>Total Operating Expenses</b>             | 1335.61 | 2046.89  | 2078.22  | 2666.75 | 3021.83  |
| <b>Operating Income- Operating Expenses</b> | 2410.64 | 2817.01  | 3206.98  | 2968.91 | 3068.79  |
| <b>Total Assets</b>                         | 70013.9 | 87065.13 | 109678.5 | 115163  | 139494.6 |

|                             |       |       |       |       |       |
|-----------------------------|-------|-------|-------|-------|-------|
| <b>Net Operating Margin</b> | 3.44% | 3.24% | 2.92% | 2.58% | 2.20% |
|-----------------------------|-------|-------|-------|-------|-------|

**Table-3.2:Net Operating Margin**

**In million**

**(Source: JBL Annual Report: 2010-20**



**Fig- 3.2: Net Operating Margin(Author's Compilation)**

### **Findings about Net Operating Margin**

From the year 2009 to 2014, the performance of Jamuna bank was decreasing in terms of net operating margin. It has decreased significantly from 3.44% in 2010 to 2.20% in 2014. This occurs as their operating income was not increased less than their operating expenses. This is not a very good sign for the bank.

### **c. Return on Equity (ROE)**

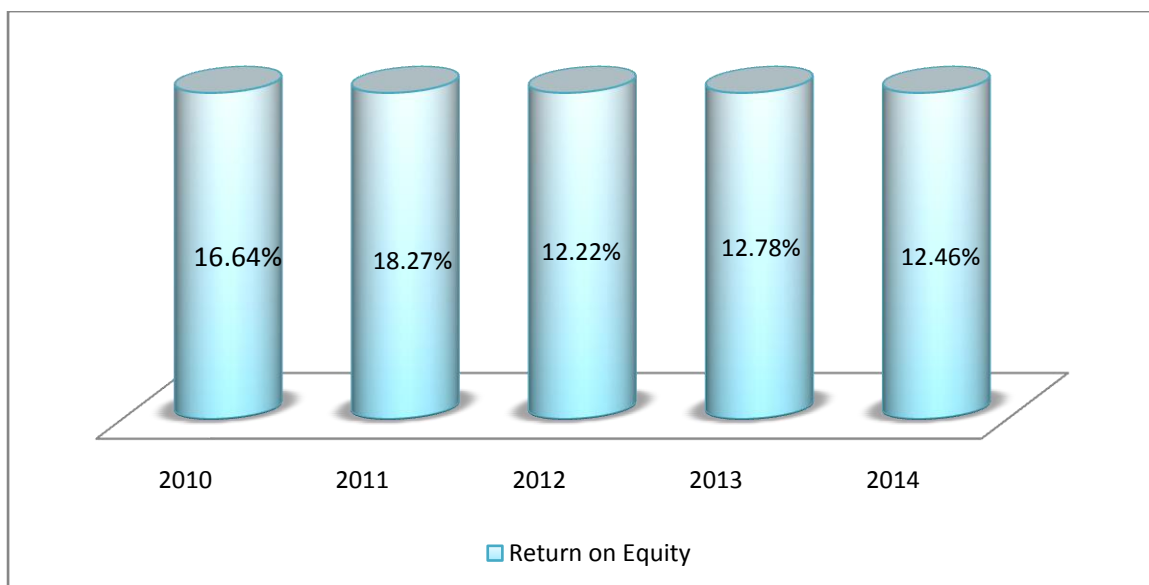
$$\text{Return on Equity} = \frac{\text{Net Income After Tax}}{\text{Total Equity Capital}}$$

**Table-3.3:Return on Equity**

**In million**

| <b>Particulars</b>          | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Net Profit After Tax</b> | 1066.01     | 1330.19     | 1017.66     | 1135.19     | 1347.11     |
| <b>Total Equity Capital</b> | 6408.19     | 7281.51     | 8324.83     | 8880.94     | 10810.67    |
| <b>Return on Equity</b>     | 16.64%      | 18.27%      | 12.22%      | 12.78%      | 12.46%      |

**(Source: JBL Annual Report: 2010-2014)**



**Fig- 3.3: Return on Equity(Author's Compilation)**

### **Findings about Return on Equity (ROE)**

ROE is very popular ratio toward the shareholders of any bank. The higher the percentage is the better for the bank as well as for shareholders. But the ROE of Jamuna bank shows that the shareholders are receiving decreasing rate of returns throughout the last three years. Though in 2011 their ROE was 18.27%, but after that it gradually decreased. It was so because the net income of Jamuna bank has decreased at a higher rate than its equity capital.

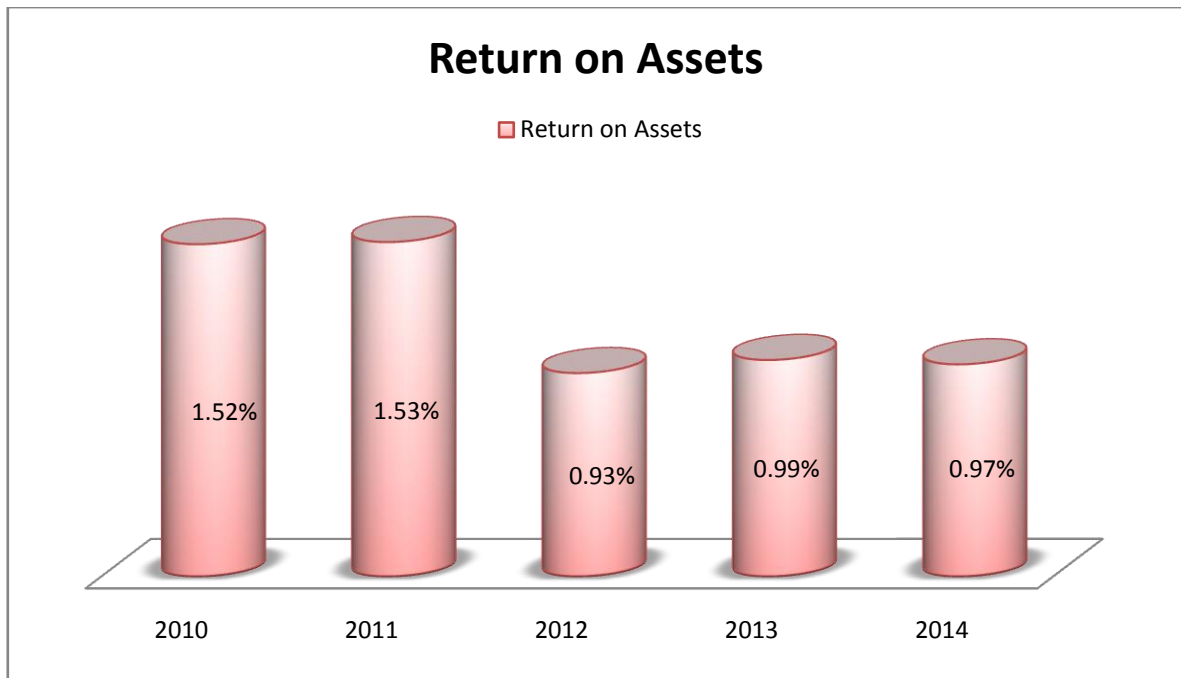
#### **d. Return on Asset**

$$\text{Return on Asset} = \frac{\text{Net Income after Tax}}{\text{Total Asset}}$$

**Table-3.4: Return on Assets In million**

| Particulars          | 2010    | 2011     | 2012     | 2013    | 2014     |
|----------------------|---------|----------|----------|---------|----------|
| Net Profit After Tax | 1066.01 | 1330.19  | 1017.66  | 1135.19 | 1347.11  |
| Total Assets         | 70013.9 | 87065.13 | 109678.5 | 115163  | 139494.6 |
| Return on Assets     | 1.52%   | 1.53%    | 0.93%    | 0.99%   | 0.97%    |

(Source: JBL Annual Report: 2010-2014)



**Fig- 3.4: Return on Assets(Author's Compilation)**

#### **Findings about Return on Assets**

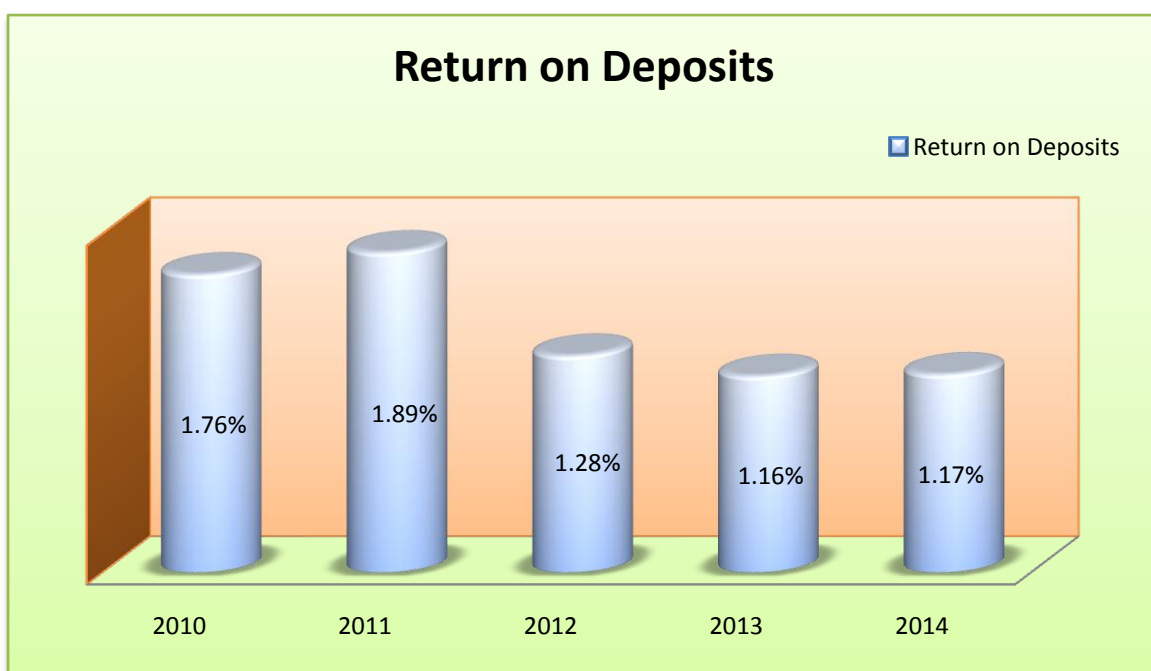
ROA is the most used profitability ratio. As JBL was a part of banking industry and its most of the assets come from the debt which was the reasons for its low net profit as well as poor ROA. As a result the JBL had low ROA in the year of 2014 which were .97%. In the year 2014 the net profit of the bank had not increased that much.

#### **e.Return on Deposits (ROD)**

$$\text{Return on Deposits (ROD)} = \frac{\text{Net Income}}{\text{Total Deposit}}$$

| Table-3.5: Return on Deposits |          | In million |          |          |          |
|-------------------------------|----------|------------|----------|----------|----------|
| Particulars                   | 2010     | 2011       | 2012     | 2013     | 2014     |
| Net Income                    | 1066.01  | 1330.19    | 1017.66  | 1135.19  | 1347.11  |
| Total Deposit                 | 60673.56 | 70508.05   | 79623.13 | 97485.61 | 114653.1 |
| Return on Deposits            | 1.76%    | 1.89%      | 1.28%    | 1.16%    | 1.17%    |

(Source: JBL Annual Report: 2010-2014)



**Fig- 3.5: Return on Deposit**

**(Author's Compilation)**

## Findings about Return on Deposit

This ratio shows the amount of net income returned as a percentage of total deposits. Return on deposit measures a corporation's profitability by revealing how much profit a company generates with the money savers have kept in the bank. It indicates a firm's efficiency in applying deposits (liabilities) to earn profit. Return on deposits was 1.17% in 2014. It slightly rose from 2013 which was 1.16%. But drastically decrease happened in 2012. The fall in 2012 was caused by a substantial increase in deposits and even greater decrease in net profit.

## 5.4 Efficiency Ratio

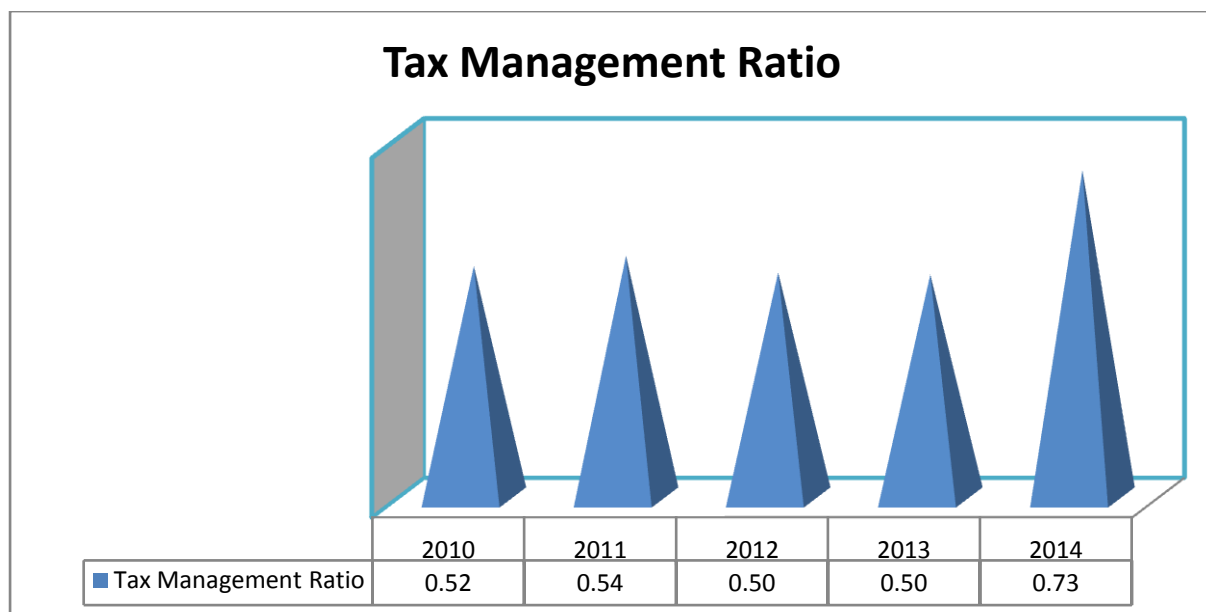
### a. Tax Management Ratio:

$$\text{Tax Management Ratio} = \frac{\text{Net Income After Tax}}{\text{Net Income Before Tax}}$$

**Table-4.1: Tax Management Ratio**

| Particulars           | 2010    | 2011    | 2012    | 2013    | 2014    |
|-----------------------|---------|---------|---------|---------|---------|
| Net Profit After Tax  | 1066.01 | 1330.19 | 1017.66 | 1135.19 | 1347.11 |
| Net Profit Before Tax | 2066.52 | 2470    | 2030.52 | 2284.89 | 1847.37 |
| Tax Management Ratio  | 0.52    | 0.54    | 0.50    | 0.50    | 0.73    |

(Source: JBL Annual Report: 2010-2014)



**Fig- 4.1: Tax Management Ratio(Author's Compilation)**

#### **Findings about Tax Management Ratio**

We can observe that from the year 2010 to 2014, the Tax Management ratio of Jamuna Bank has been fluctuating from 0.52 to 0.73. This trend is seen because of fluctuation in net income after taxes and also in net income before security gains and losses. It is good for the bank to increase this ratio. The management should try to maximize this ratio as much as possible because the tax is a direct cash expense which lowers the net income.

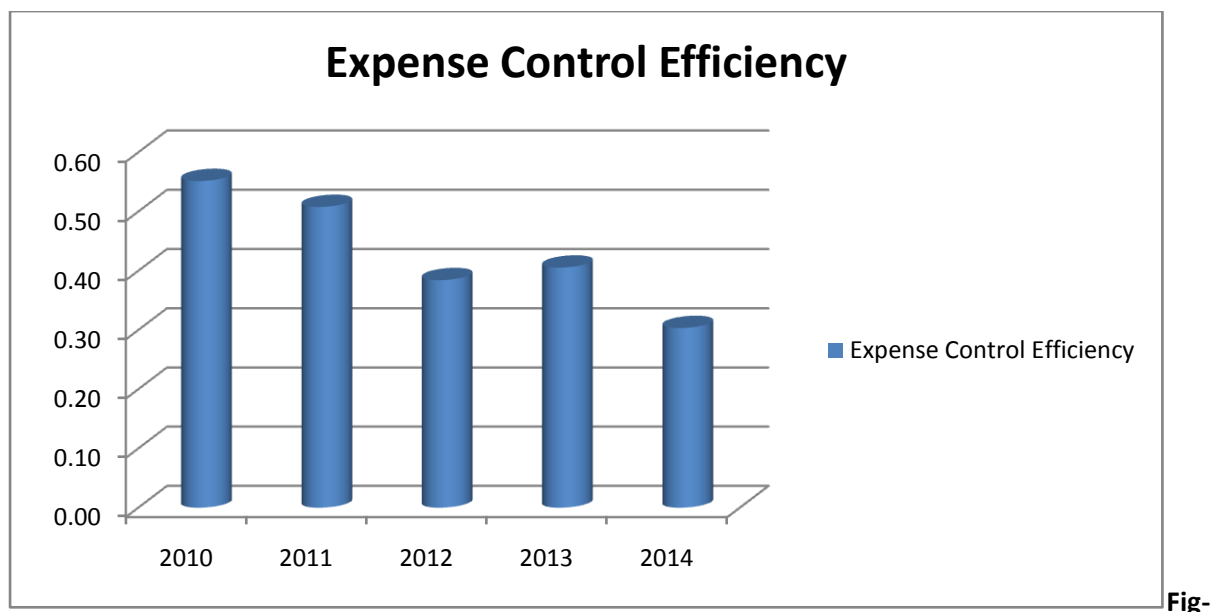
#### **b.Expense Control Efficiency**

$$\text{Expense Control Efficiency} = \frac{\text{Net Income Before Tax and Gain}}{\text{Total Operating Revenue}}$$

**Table-4.2:Expense Control EfficiencyIn million**

| Particulars                   | 2010        | 2011        | 2012        | 2013        | 2014        |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Net Profit Before Tax</b>  | 2066.52     | 2470        | 2030.52     | 2284.89     | 1847.37     |
| <b>Total Operating Income</b> | 3746.25     | 4863.9      | 5285.2      | 5635.66     | 6090.62     |
| Expense Control Efficiency    | <b>0.55</b> | <b>0.51</b> | <b>0.38</b> | <b>0.41</b> | <b>0.30</b> |

(Source: JBL Annual Report: 2010-2014)



**4.2: Expense Control Efficiency(Author's Compilation)**

### Findings about Expense Control Efficiency

For Jamuna Bank, we are observing very inconsistent trend in their Expense Control Efficiency ratio from 2010 to 2014. There is less improvement in their expense control efficiency ratio. It has decreased from 2013 to 2014. But in 2012, it has fallen down to 0.38. The reason behind this inconsistency is the proportionate change in the net income before tax & gains (Losses) and total operating revenue. This implies that Jamuna bank is efficiently controlling its expenses.

### c. Degree of Asset Utilization

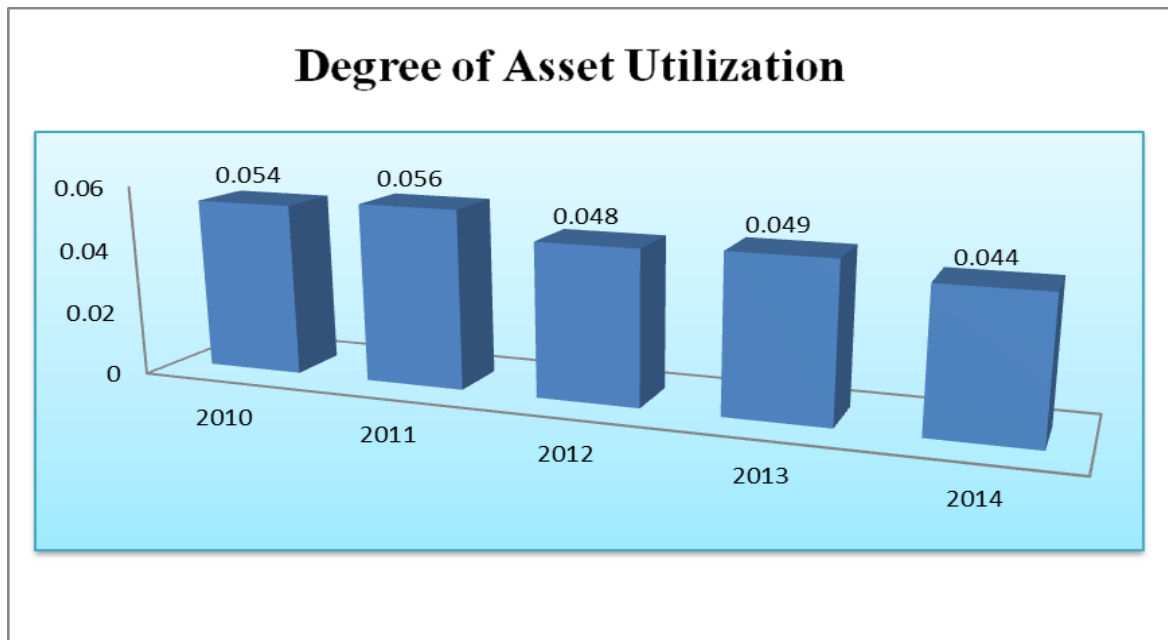
$$\text{Degree of Asset Utilization} = \frac{\text{Total Operating Revenue}}{\text{Total Asset}}$$

**Table-4.3:Degree of Asset Utilization In million**

| Particulars                   | 2010    | 2011     | 2012     | 2013    | 2014     |
|-------------------------------|---------|----------|----------|---------|----------|
| <b>Total Operating Income</b> | 3746.25 | 4863.9   | 5285.2   | 5635.66 | 6090.62  |
| <b>Total Assets</b>           | 70013.9 | 87065.13 | 109678.5 | 115163  | 139494.6 |
| Degree of Asset Utilization   | 0.054   | 0.056    | 0.048    | 0.049   | 0.044    |

(Source: JBL Annual Report: 2010-2014)





**Fig- 4.3: Degree of Asset Utilization (Author's Compilation)**

### **Findings about Degree of Asset Utilization**

There is a slight increase in the asset utilization ratio of Jamuna bank from 2012 to 2013. The ratio was decreasing from 2013 to 2014. It increases considerably because their total asset increased at a higher rate compared to their operating income. This rise in Asset Utilization indicates that more and more assets are becoming exploited which is a good sign for the bank.

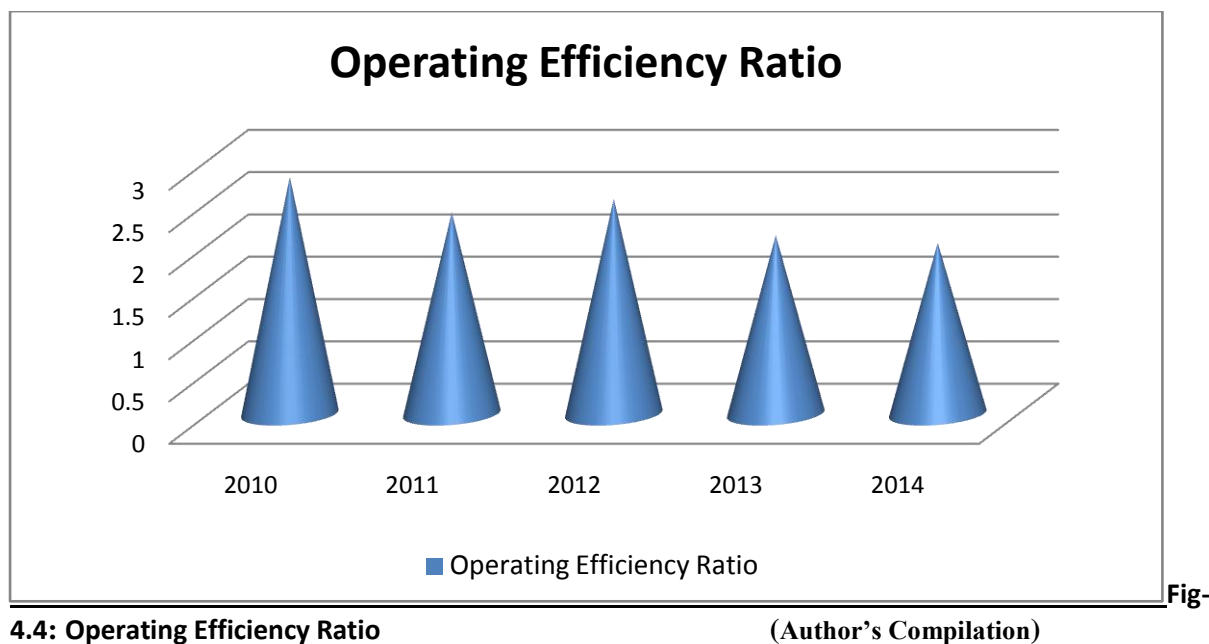
### **d. Operating Efficiency Ratio**

$$\text{Operating Efficiency Ratio} = \frac{\text{Total Operating Expense}}{\text{Total Operating Revenue}}$$

**Table-4.4: Operating Efficiency Ratio**

| Table-4.4: Operating Efficiency Ratio |            |            | In million |            |            |
|---------------------------------------|------------|------------|------------|------------|------------|
| Particulars                           | 2010       | 2011       | 2012       | 2013       | 2014       |
| Total Operating Income                | 3746.25    | 4863.9     | 5285.2     | 5635.66    | 6090.62    |
| Total Operating Expenses              | 1335.61    | 2046.89    | 2078.22    | 2666.75    | 3021.83    |
| Operating Efficiency Ratio            | 2.80 times | 2.38 times | 2.54 times | 2.11 times | 2.02 times |

(Source: JBL Annual Report: 2010-2014)



**4.4: Operating Efficiency Ratio**

(Author's Compilation)

#### **Findings about Operating Efficiency Ratio**

There is a decline in the operating efficiency ratio of Jamuna bank from 2013 to 2014. It has decreased from 2.11 times to 2.02 times in 2014. On the other hand, it increased to 2.54 in 2013. It implies that the bank has not been able to efficiently utilize its revenues to cover the operating expense for the last two years. This decreasing trend reflects that the operating revenue is increasing at a lower rate than the operating expense. The declining of this ratio was because of a significant increase in their total operating expense.

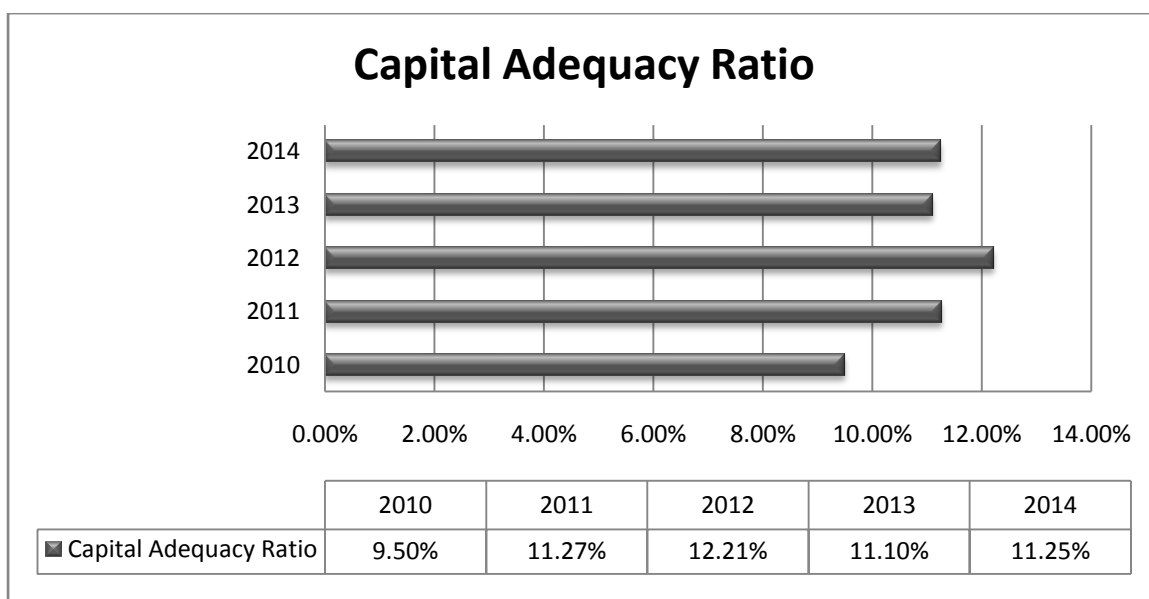
## **5.5 Adequacy Ratio**

### **a. Capital Adequacy Ratio**

$$\text{Capital Adequacy Ratio} = \frac{\text{Capital Base (Tier I + Tier II)}}{\text{Risk-Weighted Assets}}$$

| Table-5.1 Capital Adequacy Ratio In million |         |         |         |          |          |
|---|---------|---------|---------|----------|----------|
| Particulars                                 | 2010    | 2011    | 2012    | 2013     | 2014     |
| Tier I                                      | 4855.51 | 6214.34 | 7256.39 | 7763.33  | 9110.44  |
| Tier II                                     | 1494.51 | 1338.45 | 1348.89 | 1496.47  | 1947.8   |
| Capital Base (Tier I +Tier II)              | 6350.02 | 7552.79 | 8605.28 | 9259.8   | 11058.24 |
| Risk-Weighted Assets                        | 66839   | 67041.4 | 70448.6 | 83421.38 | 98298.68 |
| Capital Adequacy Ratio                      | 9.50%   | 11.27%  | 12.21%  | 11.10%   | 11.25%   |

(Source: JBL Annual Report: 2010-2014)



**Fig-**

**5.1: Capital Adequacy Ratio(Author's Compilation)**

### Findings about Capital Adequacy Ratio

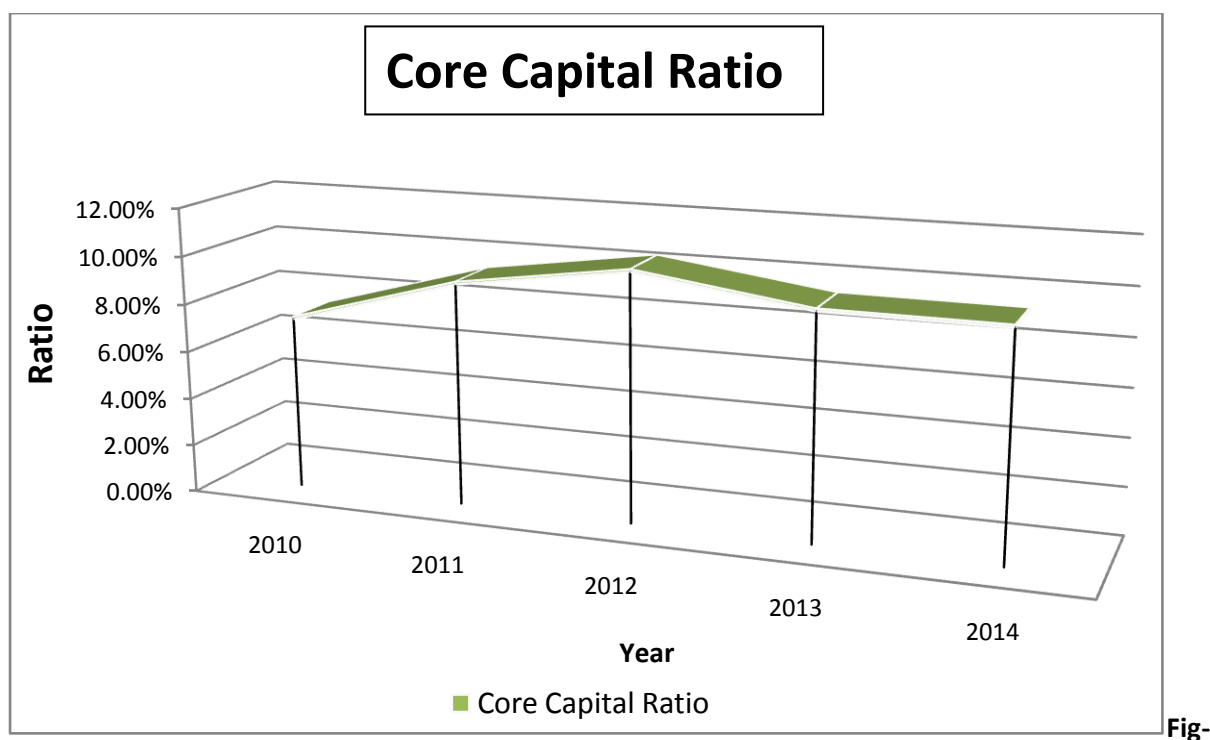
This ratio basically determines a bank's capital to its risk. It is presented as a percentage of a bank's risk weighted credit exposures. In 2014 CAR required for Jamuna Bank was 11.25% which was determined by Bangladesh Bank and actually minimum requirement is 10% in 2014. Before that it was 9%. So Jamuna Bank has maintained the minimum requirement so far.

### b. Core Capital Ratio

$$\text{Core Capital Ratio} = \frac{\text{Tier I}}{\text{Risk-Weighted Assets}}$$

| Table-5.2:Core Capital Ratio |         | In million |         |          |          |
|------------------------------|---------|------------|---------|----------|----------|
| Particulars                  | 2010    | 2011       | 2012    | 2013     | 2014     |
| Tier I                       | 4855.51 | 6214.34    | 7256.39 | 7763.33  | 9110.44  |
| Risk-Weighted Assets         | 66839   | 67041.4    | 70448.6 | 83421.38 | 98298.68 |
| Core Capital Ratio           | 7.26%   | 9.27%      | 10.30%  | 9.31%    | 9.27%    |

(Source: JBL Annual Report: 2010-2014)



**5.2: Core Capital Ratio** (Author's Compilation)

### Findings about Core Capital Ratio

Core capital is the minimum amount of capital that a bank has to ensure to protect consumers. It is also expressed as a percentage of a bank's risk weighted credit exposures. It was slightly decreased from 2013 to 2013 around 9.31% to 9.27%. The highest was in 2012.

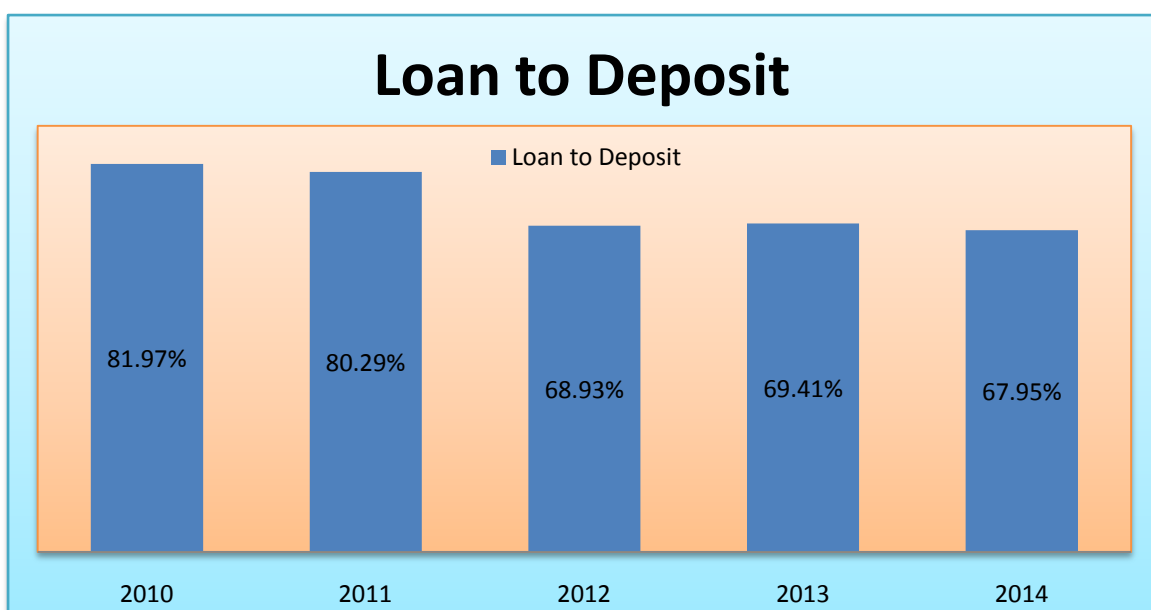
## ASSETS-QUALITY INDECATOR

### 5.6 Loan to Deposit

$$\text{Loan to Deposit} = \frac{\text{Total loans}}{\text{Total Deposit}}$$

| Table-6.1: Loan to Deposit |          | In million |          |          |          |
|----------------------------|----------|------------|----------|----------|----------|
| Particulars                | 2010     | 2011       | 2012     | 2013     | 2014     |
| Total Loans                | 49734.8  | 56611.79   | 54887.03 | 67669.38 | 77899.79 |
| Total Deposit              | 60673.56 | 70508.05   | 79623.13 | 97485.61 | 114635.1 |
| Loan to Deposit            | 81.97%   | 80.29%     | 68.93%   | 69.41%   | 67.95%   |

(Source: JBL Annual Report: 2010-2014)



**Fig- 6.1: Loan to Deposit (Author's Compilation)**

#### **Findings about Loan to Deposit**

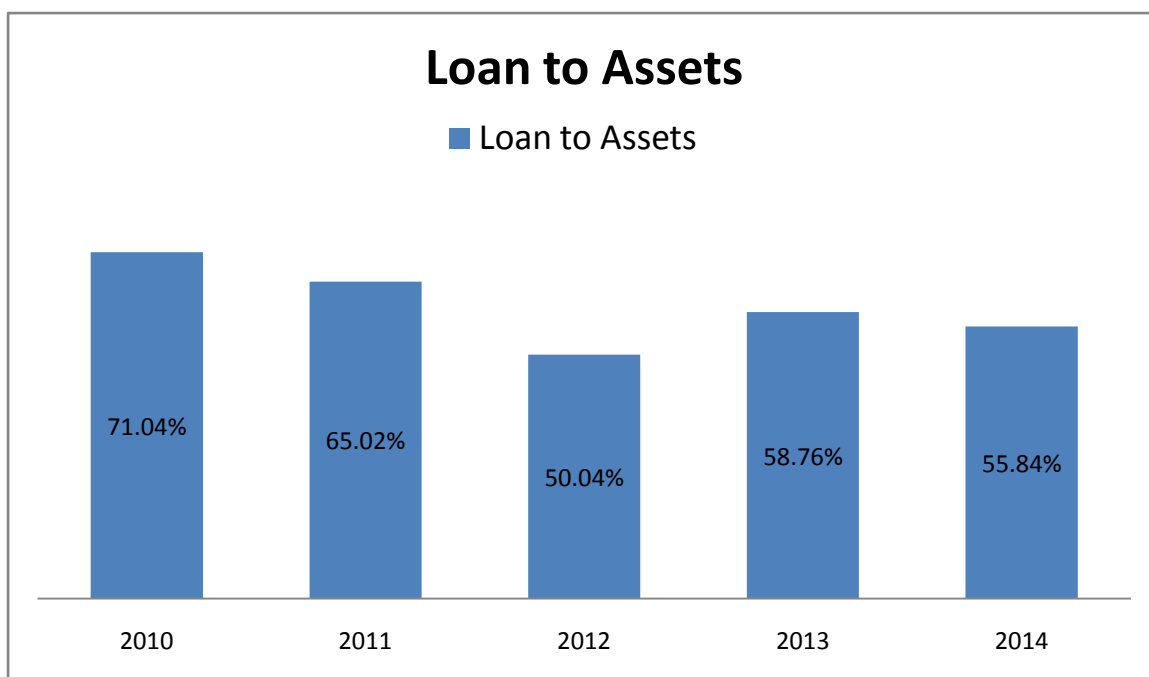
The growth in 2010 and 2011 was caused by loans increasing faster than deposits. It fell through 2012, 2013 and 2014 as deposits grew fast when compared to the previous year, thereby improving the bank's liquidity position. From 2012, the loans to total deposit ratio fell significantly, improving the bank's liquidity standing. The fall was attributable to a greater growth in deposits than loans, as compared to 2014. Total credits grew only slightly as the bank become rather cautious in giving loans and assessing credit worthiness because of the then on-going funds crisis. Comparatively a larger growth in deposits reduced the loans to total deposit ratio.

## **6.2 Loan to Assets**

$$\text{Loan to Assets} = \frac{\text{Total Loans}}{\text{Total Assets}}$$

| Table-6.2: Loan to Assets In million |         |          |          |          |          |
|--------------------------------------|---------|----------|----------|----------|----------|
| Particulars                          | 2010    | 2011     | 2012     | 2013     | 2014     |
| Total Loans                          | 49734.8 | 56611.79 | 54887.03 | 67669.38 | 77899.79 |
| Total Assets                         | 70013.9 | 87065.13 | 109678.5 | 115163   | 139494.6 |
| Loan to Assets                       | 71.04%  | 65.02%   | 50.04%   | 58.76%   | 55.84%   |

(Source: JBL Annual Report: 2010-2014)



**Fig- 6.2: Loan to Assets(Author's Compilation)**

### **Findings about Loan to Assets**

Assets as well as loans increased as percentage comparing to 2010. This gave an upward trend of the loans to total asset ratio and therefore a downward trend for liquidity. The ratio fell in 2012. A big gap was visible between asset and loan comparing to previous years. Despite a growth in total credits as compared to 2013, loans as a percentage of total assets fell as a result. The percentage was decreased about around 3% from 2013 to 2014.

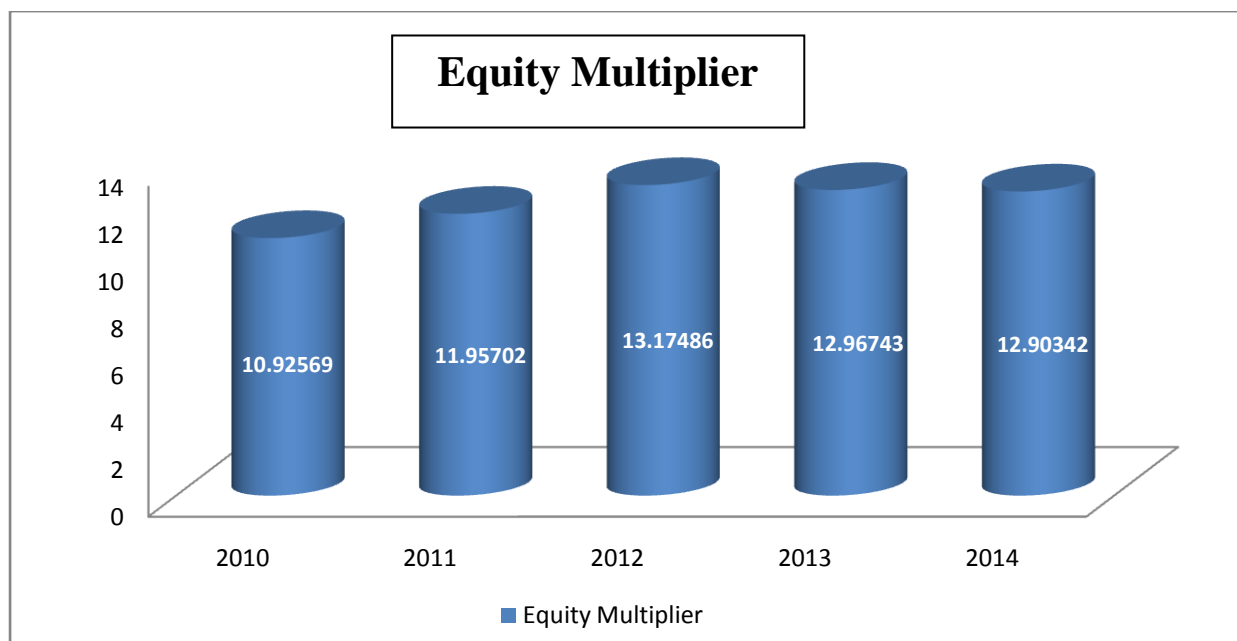
## **6.3 Equity Multiplier**

$$\text{Equity Multiplier} = \frac{\text{Total Assets}}{\text{Total Equity Capital}}$$

**Table-6.3: Equity Multiplier**In million

| Particulars          | 2010     | 2011     | 2012     | 2013     | 2014     |
|----------------------|----------|----------|----------|----------|----------|
| Total Assets         | 70013.9  | 87065.13 | 109678.5 | 115163   | 139494.6 |
| Total Equity Capital | 6408.19  | 7281.51  | 8324.83  | 8880.94  | 10810.67 |
| Equity Multiplier    | 10.92569 | 11.95702 | 13.17486 | 12.96743 | 12.90342 |

(Source: JBL Annual Report: 2010-2014)



**Fig- 6.3:Equity Multiplier (Author's Compilation)**

### **Findings about Equity Multiplier**

Bigger banks often operate with multipliers of 20 times or more but the Bangladeshi banks are not big enough to operate in such a scale. The higher the multiplier more losses on assets the equity needs to absorb. JBL equity multiplier ratio is quite stable which a good sign for the bank.

## **Chapter-06**

# **COMPARISON OF TWO BRANCHES FINANCIAL PERFORMANCE**

## **Chapter-06**

### **JAMUNA BANK LIMITED: SONARGAON ROAD BRANCH**



#### **Overview of JAMUNA BANK LIMITED, SONARGAON ROAD BRANCH**

Sonargaon Road Branch is the 2<sup>nd</sup> branch of Jamuna Bank Limited. It started its journey from 6<sup>th</sup> June, 2001. At present the branch has 28 employees and A senior Vice Presedient is in charge of the branch.

Sonargaon Road Branch has 3 different divisions. They are:

#### **1. Genera Banking Division**



- ✓ Cash
- ✓ Clearing
- ✓ Accounts
- ✓ Accounting

## 2. Foreign Exchange Division(Export and Import)

## 3. Credit Division

### Achievement of the Branch deposit, advance & profit target (2014)

|        |                |                         |                         | Figure in lac                |
|--------|----------------|-------------------------|-------------------------|------------------------------|
| Sl No. | Description    | Target as on 31.12.2014 | Target as on 30.09.2014 | Achievement as on 30.09.2014 |
| 1      | Deposit        | 47,500.00               | 45,383.26               | 45,266.20                    |
| 2      | Advance        | 50,000.00               | 42,862.84               | 41,302.00                    |
| 3      | Profit         | 3,200.00                | 2,160.00                | 1,744.92                     |
| 4      | Import         | 27,500.00               | 18,975.00               | 15,364.03                    |
| 5      | Export         | 25,000.00               | 17,250.00               | 2,212.91                     |
| 6      | Bank Guarantee | 20,000.00               | 13,800.00               | 3,220.30                     |

## **Comparison Of Two Branches Financial Performance**

For doing comparison of branch I took most important branches of Jamuna Bank Limited. The branches are Sonargaon Road Branch and Mohakhali Branch. For doing this analysis I use around 20 ratios. At the time of my internship audit came to Sonargaon Road Branch and they assign all these ratios to branch Accounts Department. As I work in that department I am also take part doing this. According to the audit team all these ratios are quite important for evaluating a branch financial performance and I include this in my report to find out financial prospect of these two important branches

## **Yield on Advance**

**Table-1: Yield on Advance**

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 16.31% | 13.99% |
| Mohakhali Branch      | 15.36% | 14.27% |

(Author's Compilation)

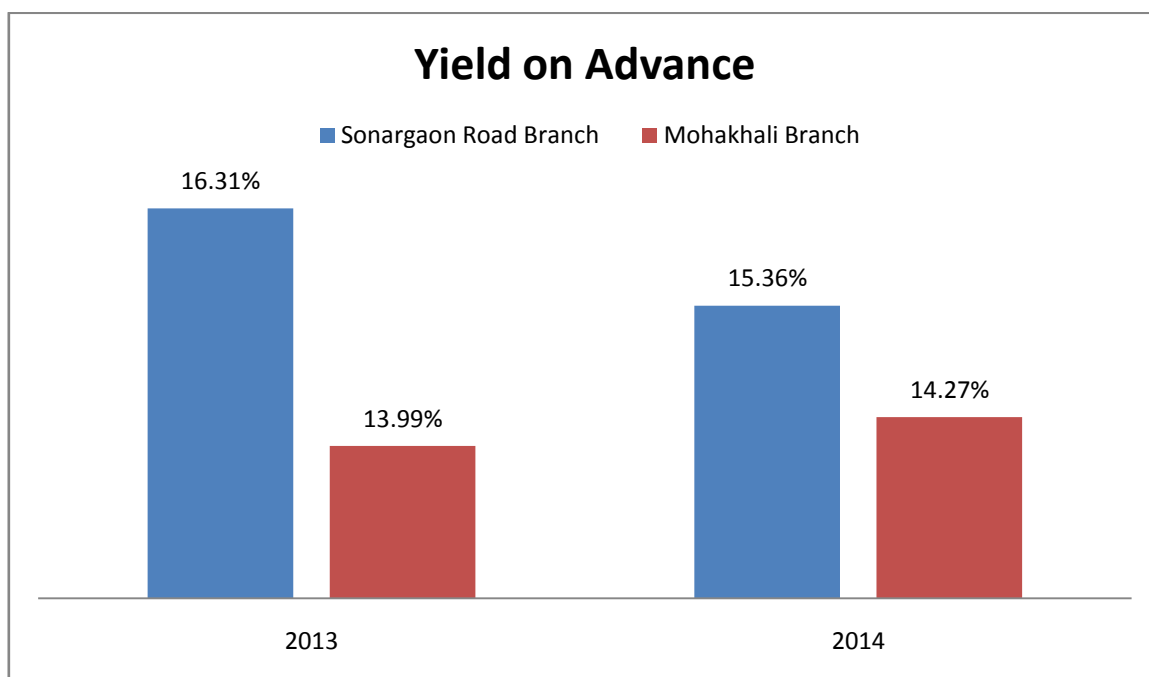


Fig-

1: Yield on Advance (Author's Compilation)

## Findings about Yield on Advance Ratio

Yield to advance ratio provides information whether to invest to particular sector and the amount return from that investment. Here Sonargaon Road Branch has more yield than Mohakhali Branch. So Sonargaon Road Branch has more advance payment than the other branch which makes the result higher. It is a good sign for Sonargaon Road Branch. It also suggests that Sonargaon Road Branch has more interest income than Mohakhali Branch.

## Cost of Deposit

Table-2: Cost of Deposit

| Particulars           | 2013  | 2014  |
|-----------------------|-------|-------|
| Sonargaon Road Branch | 8.76% | 7.50% |
| Mohakhali Branch      | 8.23% | 7.66% |

(Author's Compilation)

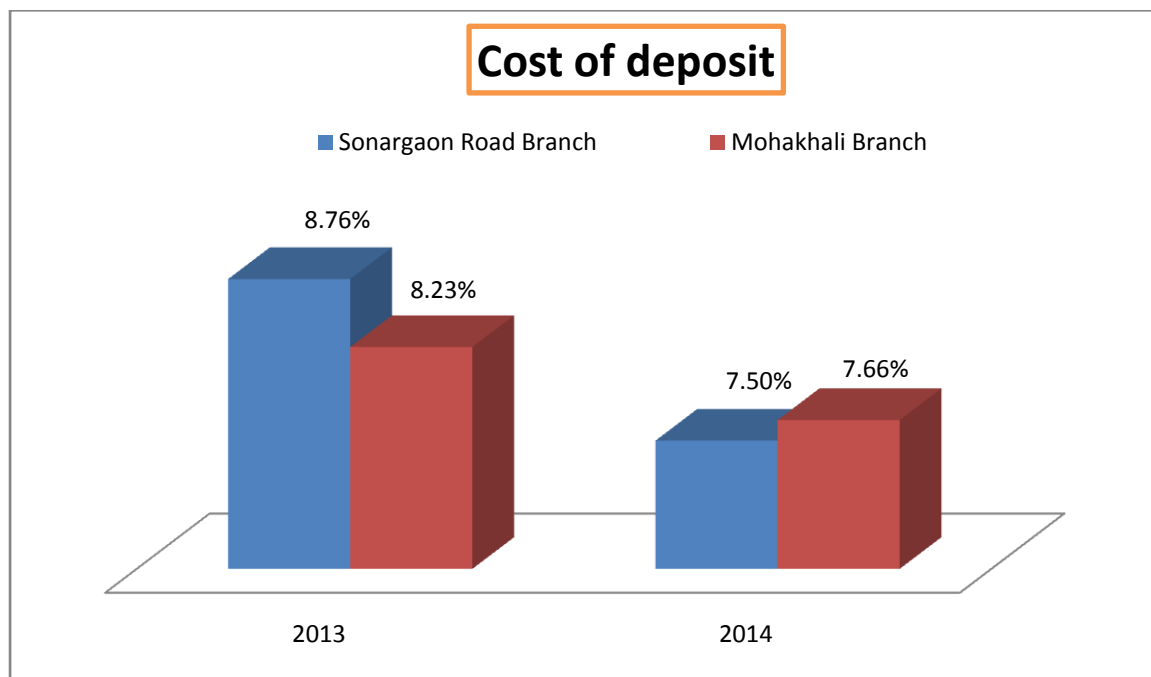


Fig-2: Cost of Deposit (Author's Compilation)

## Findings about Cost of Deposit Ratio

In 2013 Sonargaon Road Branch has around 8.76 tk. cost of their 100 tk. deposit in contrast in 2014 it had been decreased at 7.5 tk. At the same year of 2013 Mohakhali Branch has about 8.23 tk. costs on their 100 tk. deposit and their cost was also declined in 2014. So both branches have a satisfactory position as their cost is declined in 2014. But if we compare two branches Sonargaon Road Branch has slightly ahead in this measurement.

## Interest Spread

Table-3: Interest Spread

| Particulars | 2013 | 2014 |
|-------------|------|------|
|-------------|------|------|

|                              |       |       |
|------------------------------|-------|-------|
| <b>Sonargaon Road Branch</b> | 7.50% | 6.49% |
| <b>Mohakhali Branch</b>      | 7.61% | 7.36% |

(Author's Compilation)

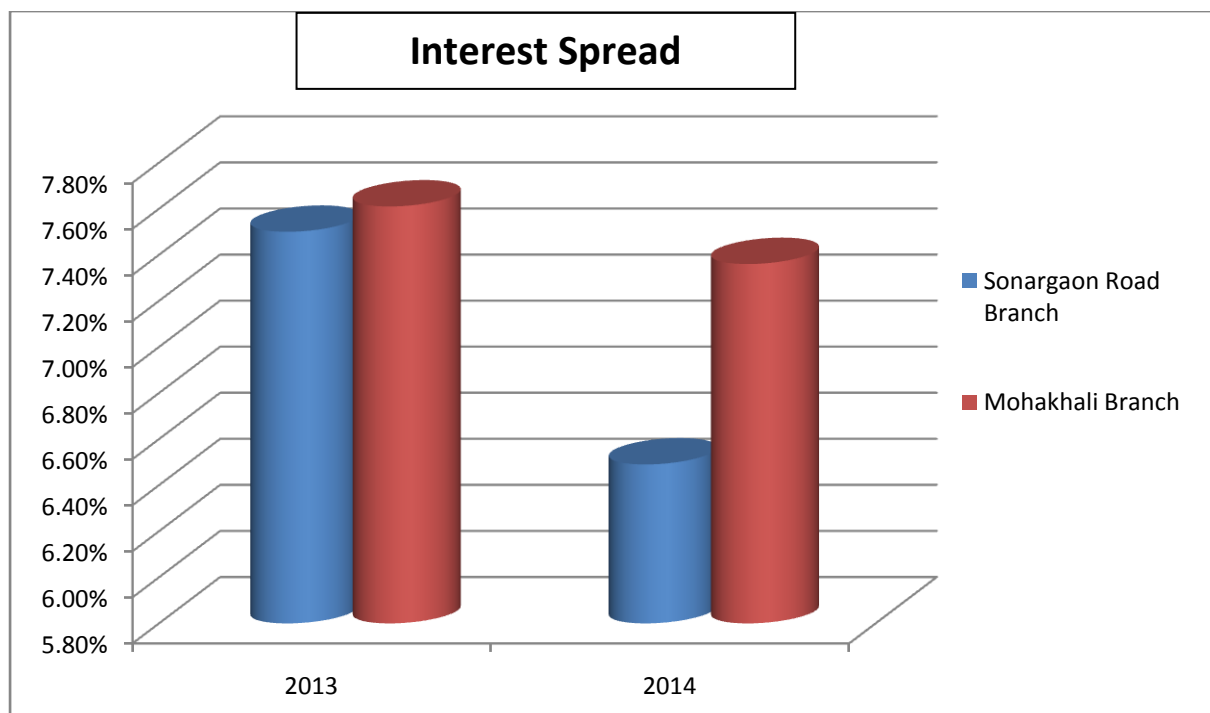


Fig-3: Cost of Interest Spread (Author's Compilation)

## Findings about Cost of Interest Spread

Interest spread is the difference between the average yield a financial institution receives from loans and other interest-accruing activities and the average rate it pays on deposits and borrowings. The net interest rate spread is a key determinant of a financial institution's profitability. In 2013 Sonargaon Road Branch has 7.50% and Mohakhali Branch has 7.61%. In 2014 Sonargaon Road Branch has 6.49% and Mohakhali Branch has 7.36%. So in both years Mohakhali branch is ahead from Sonargaon Road Branch. So Mohakhali Branch has a good position in this ratio.

## Yield on Advance including interest on IBTA

Table-4: Yield on Advance including interest on IBTA

| Particulars                  | 2013   | 2014   |
|------------------------------|--------|--------|
| <b>Sonargaon Road Branch</b> | 17.95% | 14.69% |

|                  |        |        |
|------------------|--------|--------|
| Mohakhali Branch | 19.48% | 20.01% |
|------------------|--------|--------|

(Author's Compilation)

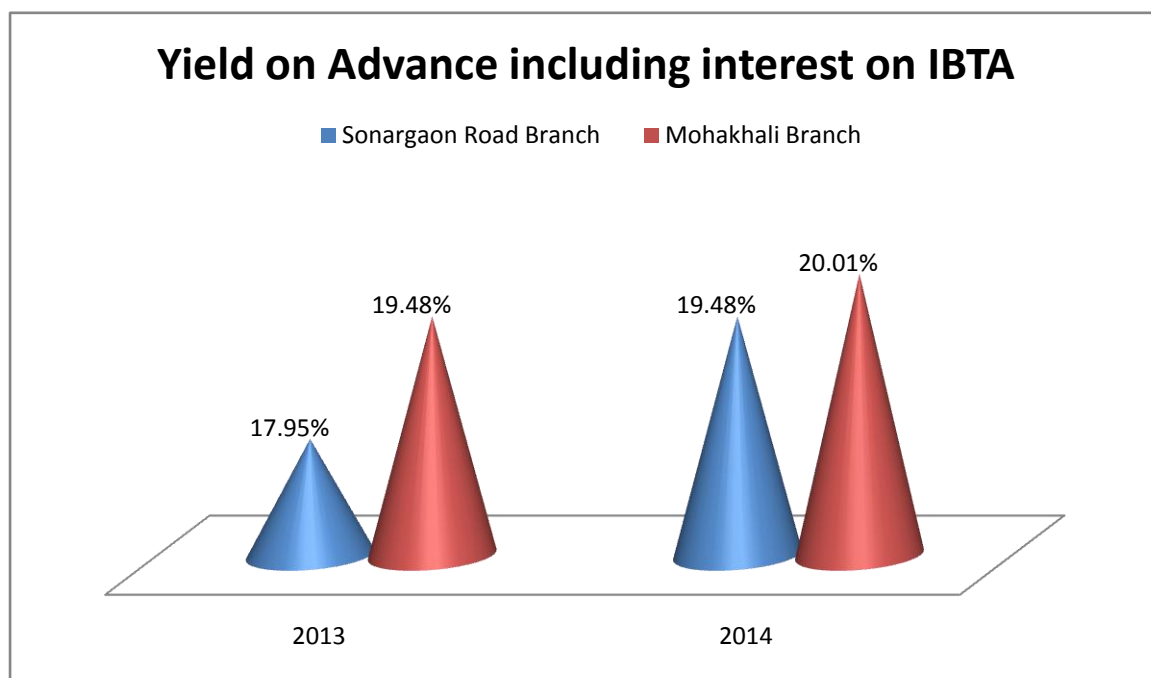


Fig-4: Yield on Advance including interest on IBTA

(Author's Compilation)

## Findings about Yield on Advance including interest on IBTA

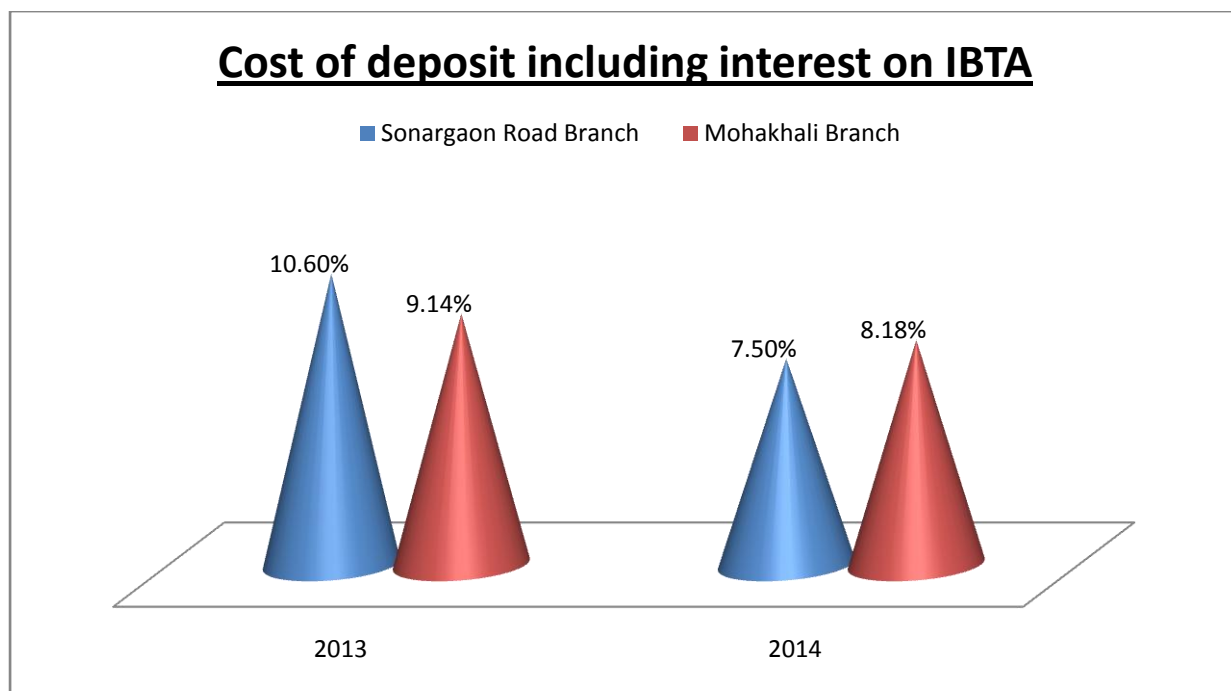
Yield to advance ratio Advance including interest on IBTA provides information whether to invest to particular sector and the amount return from that investment along with IBTA interest. Here Sonargaon Road Branch has fewer yields than Mohakhali Branch. So Sonargaon Road Branch has less interest coming on IBTA than the other branch which makes the result higher for Mohakhali Branch. It is not good sign for Sonargaon Road Branch.

## Cost of deposit including interest on IBTA

Table-5: Cost of deposit including interest on IBTA

| Particulars           | 2013   | 2014  |
|-----------------------|--------|-------|
| Sonargaon Road Branch | 10.60% | 7.50% |
| Mohakhali Branch      | 9.14%  | 8.18% |

(Author's Compilation)



**Fig-2.5: Cost of deposit including interest on IBTA (Author's Compilation)**

## **Findings about Cost of deposit including interest on IBTA**

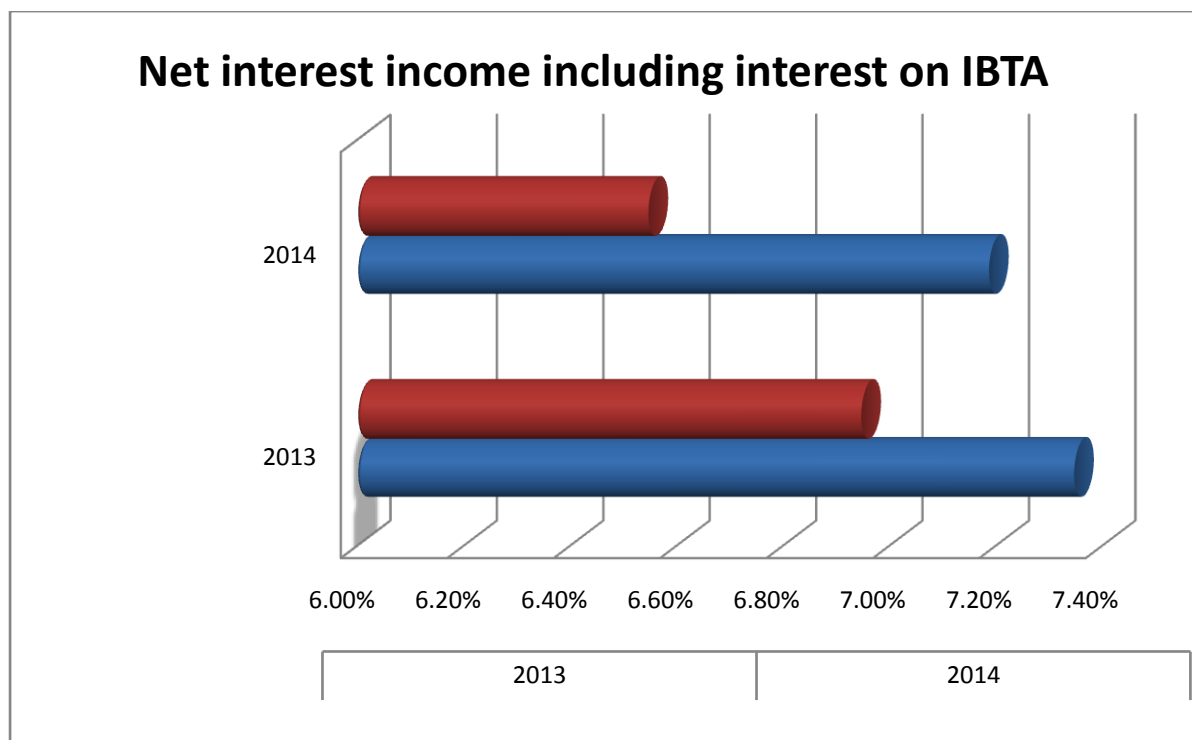
Interest spread is the difference between the average yield a financial institution receives from loans and other interest-accruing activities and the average rate it pays on deposits and borrowings including interest on IBTA. It is another key determinant of a financial institution's profitability. In 2013 Sonargaon Road Branch has 10.60% and Mohakhali Branch has 9.14%. In 2014 Sonargaon Road Branch has 7.50% and Mohakhali Branch has 8.18%. So the cost is decreasing as IBTA interest cost is reduced for both branches.

## **Net interest income including interest on IBTA**

**Table-6: Net interest income including interest on IBTA**

| Particulars           | 2013  | 2014  |
|-----------------------|-------|-------|
| Sonargaon Road Branch | 7.35% | 7.19% |
| Mohakhali Branch      | 6.95% | 6.55% |

(Author's Compilation)



**Fig-6: Net interest income including interest on IBTA (Author's Compilation)**

## Findings about Net interest income including interest on IBTA

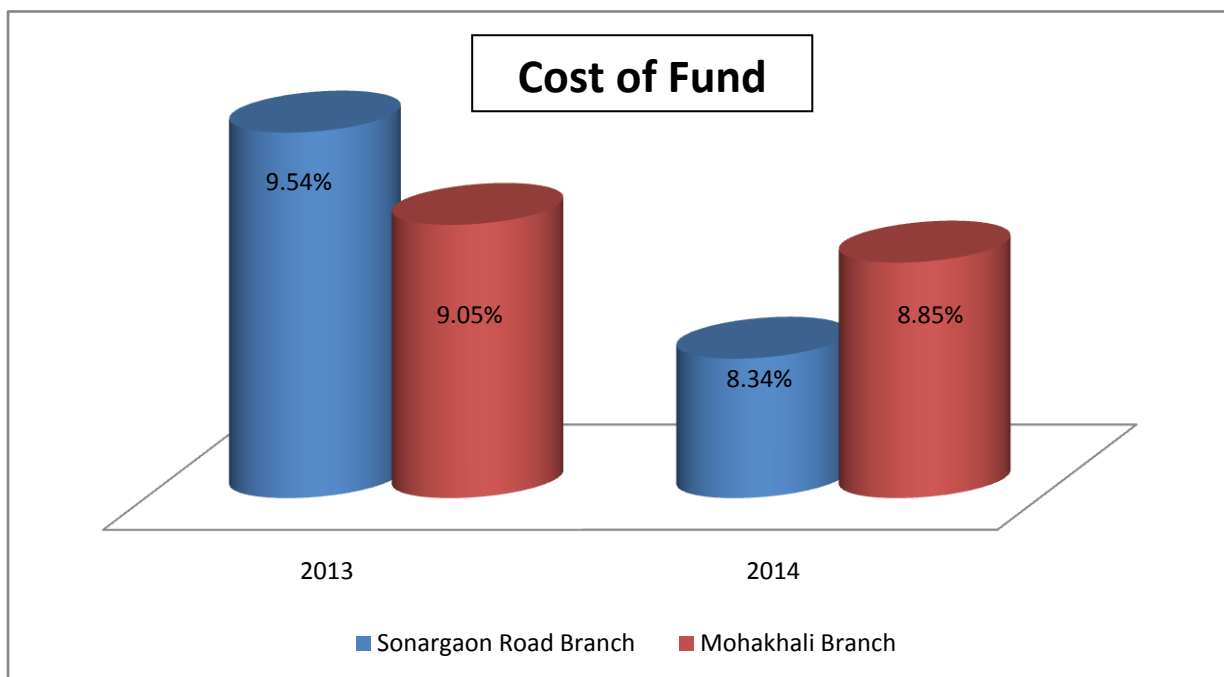
Interest spread income including interest on IBTA is the difference between the average yield a financial institution receives from loans and other interest-accruing activities and the average rate it pays on deposits and borrowings including total interest received including interest on IBTA and total interest paid including interest on IBTA. In In 2013 Sonargaon Road Branch has 7.35% and Mohakhali Branch has 6.95%. In 2014 Sonargaon Road Branch has 7.19% and Mohakhali Branch has 6.55%. So both branches' ratio was decreased from the previous year. It occurs because of fallen of total interest received including interest on IBTA and total interest paid including interest on IBTA.

## Cost of Fund

**Table-7 Cost of Fund**

| Particulars           | 2013  | 2014  |
|-----------------------|-------|-------|
| Sonargaon Road Branch | 9.54% | 8.34% |
| Mohakhali Branch      | 9.05% | 8.85% |

(Author's Compilation)



**Fig-7: Cost of Fund**

(Author's Compilation)

## Findings about Cost of Fund

Cost of funds is the interest rate paid by financial institutions for the funds that they deploy in their business. The cost of funds is one of the most important input costs for a financial institution, since a lower cost will generate better returns when the funds are deployed in the form of short-term and long-term loans to borrowers. The spread between the cost of funds and the interest rate charged to borrowers represents one of the main sources of profit for most financial institutions.

According to the analysis it is found that the cost is decreased from 2013 to 2014. It is good indicator for both branches as the cost reduce.

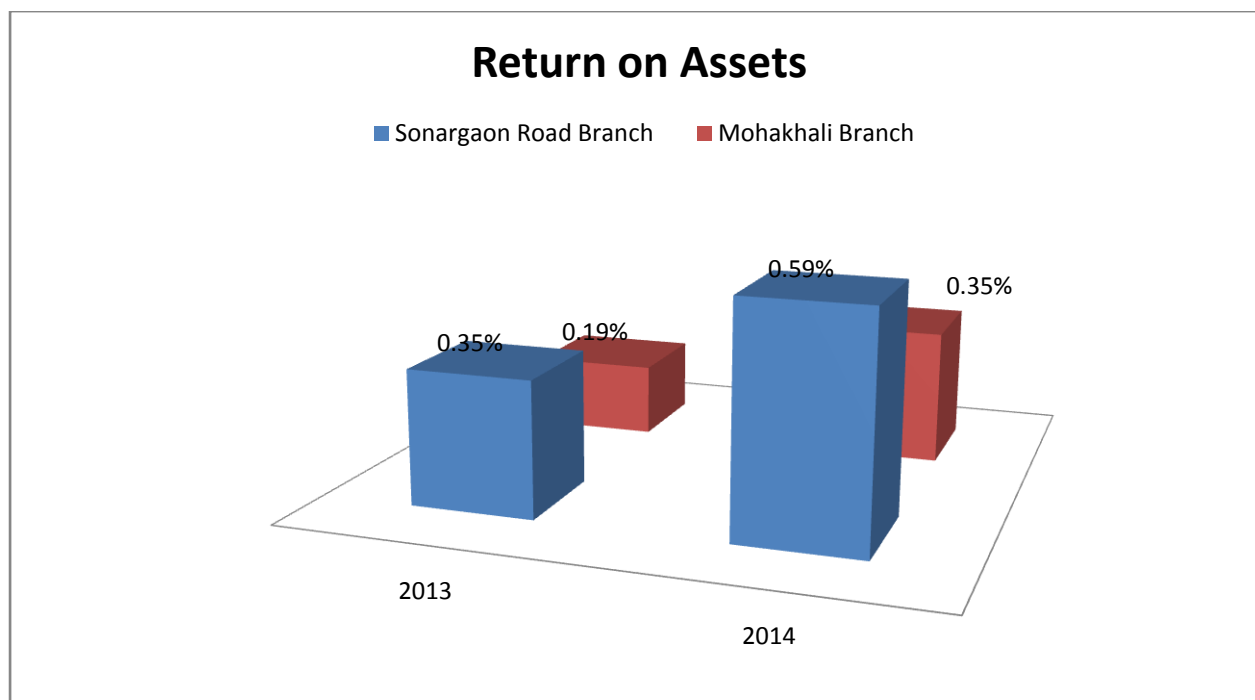
## Return on Assets

**Table-8 Return on Assets**

| Particulars           | 2013  | 2014  |
|-----------------------|-------|-------|
| Sonargaon Road Branch | 0.35% | 0.59% |
| Mohakhali Branch      | 0.19% | 0.35% |

(Author's Compilation)





**Fig-8: Return on Assets**

**(Author's Compilation)**

## Findings about Return on Assets

It is known as a profitability or productivity ratio, because it provides information about the management's performance in using the assets of the small business to generate income. ROA can be used as a valuable tool to measure progress against predetermined internal goals, a certain competitor, or the overall industry. ROA is also used by bankers, investors, and business analysts to assess a company's use of resources and financial strength.

Asset turnover was 0.35% in 2013 for Sonargaon Road Branch. In 2014, it had increased to 0.59%. For Mohakhali Branch Asset turnover was 0.19% in 2013 and 0.35% in 2014. So Sonargaon Road Branch has far ahead in this ratio. But important think is both branches ration is increased form 2013.

## Deposit Mix

**3 types of deposit mix-**

**a) No Cost Deposit**

**Table: 9(a) No Cost Deposit**

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 20.05% | 21.92% |

|                  |        |        |
|------------------|--------|--------|
| Mohakhali Branch | 23.30% | 24.40% |
|------------------|--------|--------|

(Author's Compilation)

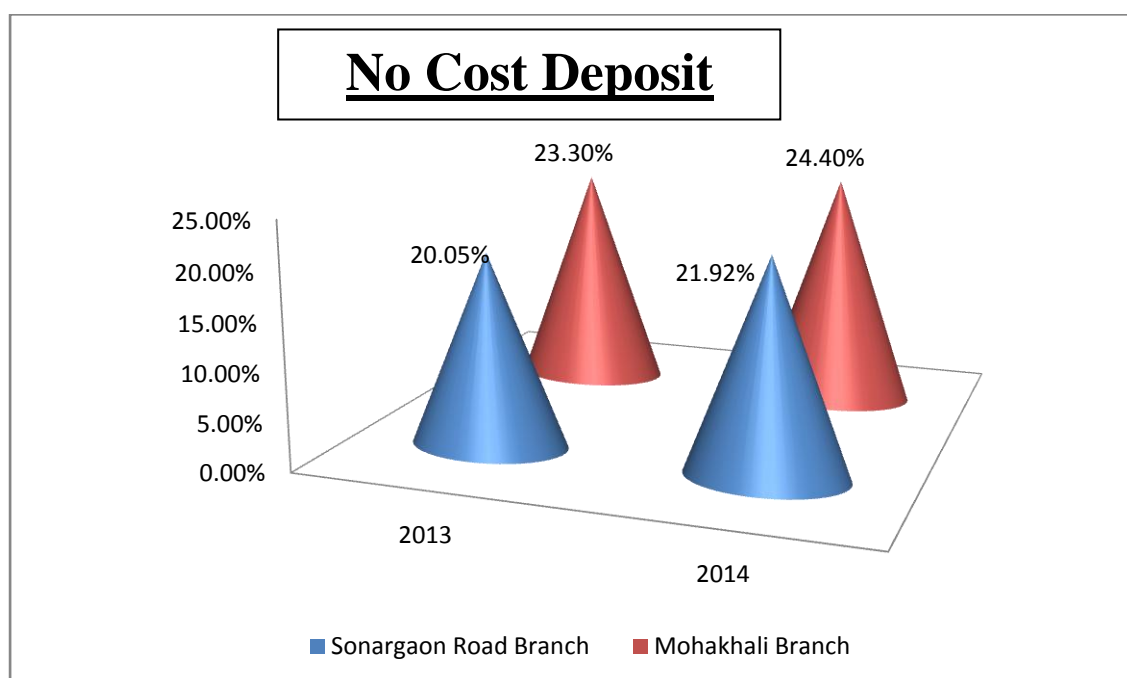


Fig-9(a): No Cost Deposit (Author's Compilation)

## Findings about No Cost Deposit

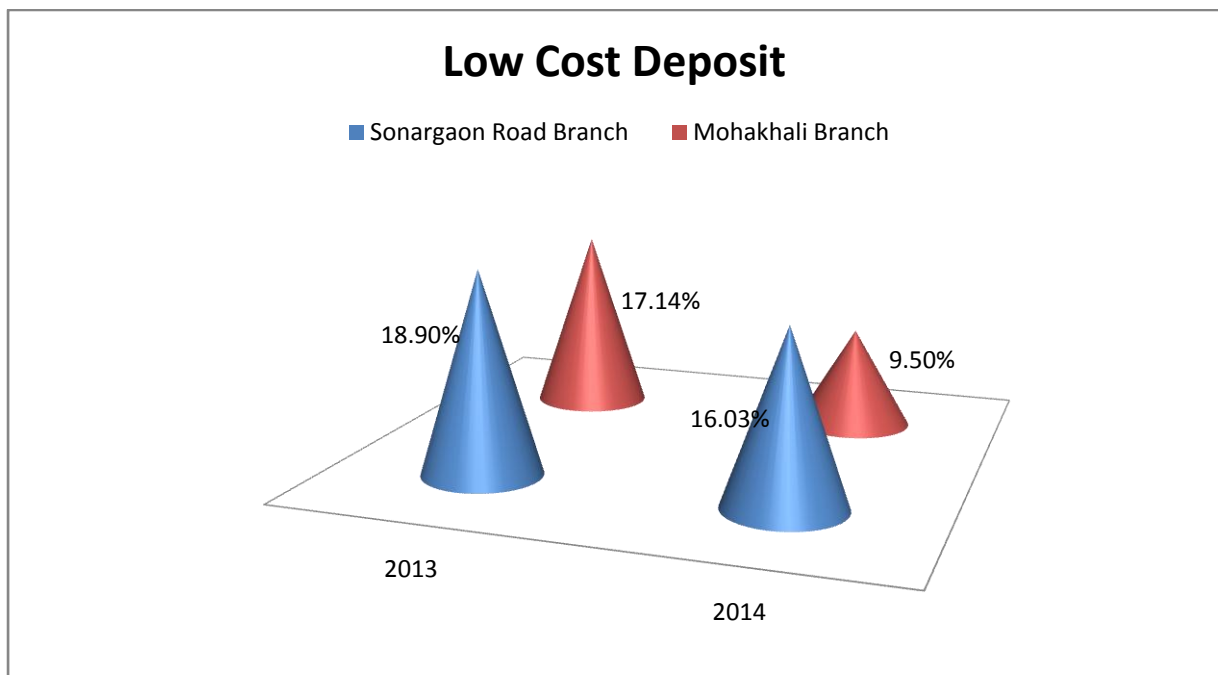
No cost deposit basically means for any deposits bank do not have to incur any cost. Such as Current Account or Saving Accounting. Here Sonargaon Road Branch has less no cost deposit in both 2013 and 2014. But little amount increased in 2014. On the other hand Mohakhali branch has a good amount of no cost deposit. So Sonargaon Road Branch needs to put concern to bring more no cost deposit.

### b. Low Cost Deposit

Table: 9(b) Low Cost Deposit

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 18.90% | 16.03% |
| Mohakhali Branch      | 17.14% | 9.50%  |

(Author's Compilation)



**Fig-9(b):Low Cost Deposit (Author's Compilation)**

### Findings about Low Cost Deposit

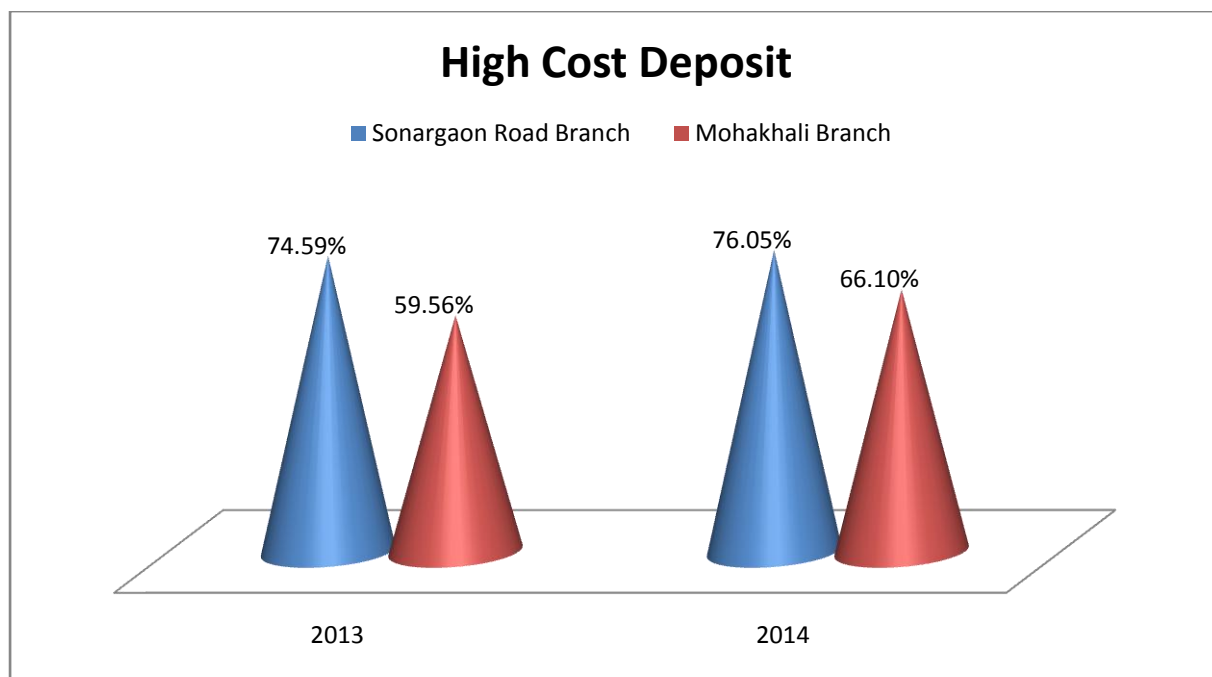
The cost of deposit, which is calculated based on the interest rate paid by the banks divided by the deposit amount, has a direct impact on banks' profitability. With cheaper funds, banks can lend at a profit. Sonargaon Road Branch has high cost than Mohakhali Branch. But in year 2014 Mohakhali Branch cost was gone more higher but Sonargano Road Branch cost did not get higher in that way.

### c. High Cost Deposit

**Table: 9(c)High Cost Deposit**

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 74.59% | 76.05% |
| Mohakhali Branch      | 59.56% | 66.10% |

**(Author's Compilation)**



**Fig-9(c): High Cost Deposit**

**(Author's Compilation)**

### Findings about High Cost Deposit

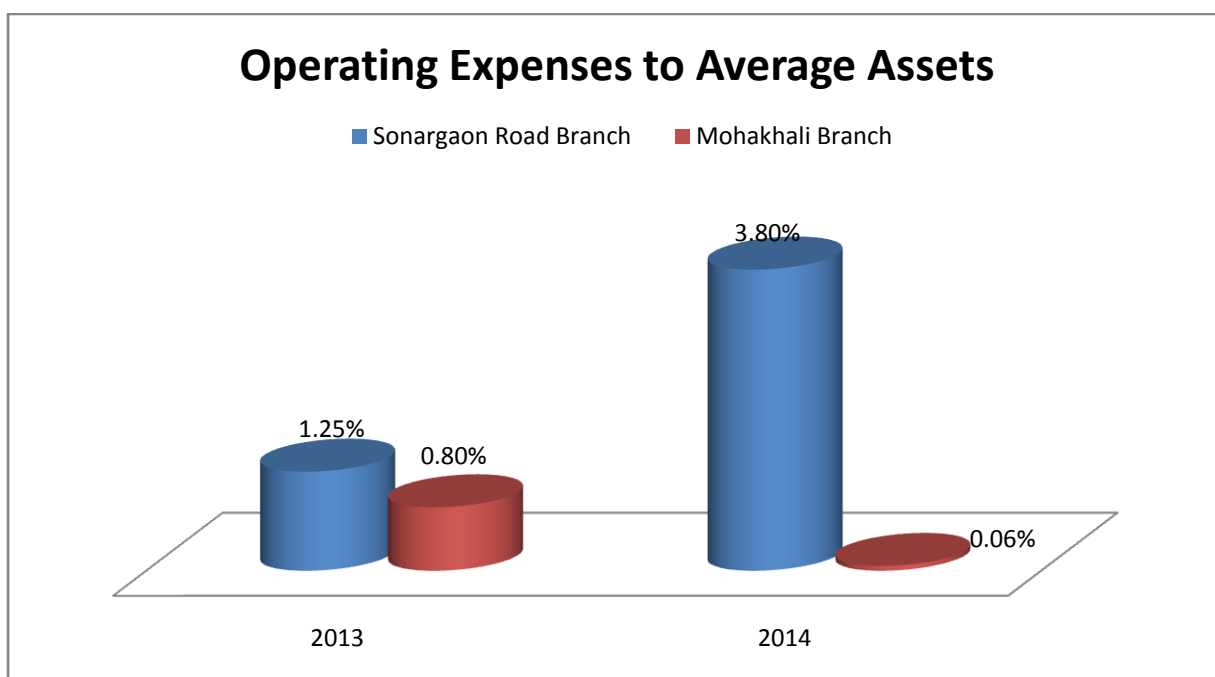
High cost deposit basically means for any deposits, bank have to incur a huge amount of cost. Such as Fixed Account. Here bank has to pay huge amount of interest to its customer. Presently the rate is 6.50%. Here Sonargaon Road Branch has less no cost deposit in both 2013 and 2014. But little amount increased in 2014. On the other hand Sonargaon Road Branch has a good amount of high cost deposit. As Sonargaon Road Branch needs to pay more cost so they have to put concern to reduce high cost deposit. But if it falls very much then liquidity crisis may arise. So branch has to calculate in this manner.

### Operating Expenses to Average Assets

**Table: 10 Operating Expenses to Average Assets**

| Particulars           | 2013  | 2014  |
|-----------------------|-------|-------|
| Sonargaon Road Branch | 1.25% | 3.80% |
| Mohakhali Branch      | 0.80% | 0.06% |

**(Author's Compilation)**



**Fig-10: Operating Expenses to Average Assets**

**(Author's Compilation)**

### Findings about Operating Expenses to Average Assets

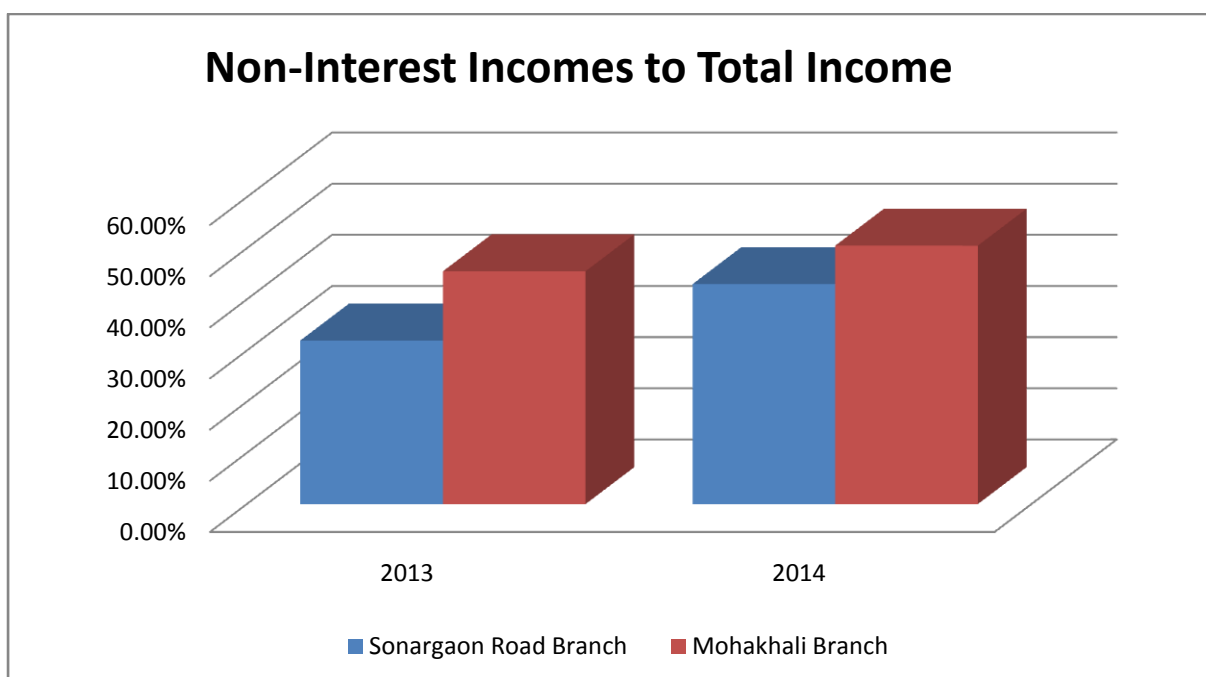
The graph shows that Sonargaon Road Branch has high operating expense in terms of their assets in both 2013 and 2014. But the main fact is its operating cost is getting higher in 2014. So somehow they need to reduce their cost. Mohakhali Branch Ratio is quite satisfactory in this indicator.

## Non-Interest Income to Total Income

**Table: 11 Non-Interest Incomes to Total Income**

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 31.97% | 43.00% |
| Mohakhali Branch      | 45.51% | 50.52% |

**(Author's Compilation)**



**Fig-11: Non-Interest Incomes to Total Income**

**(Author's Compilation)**

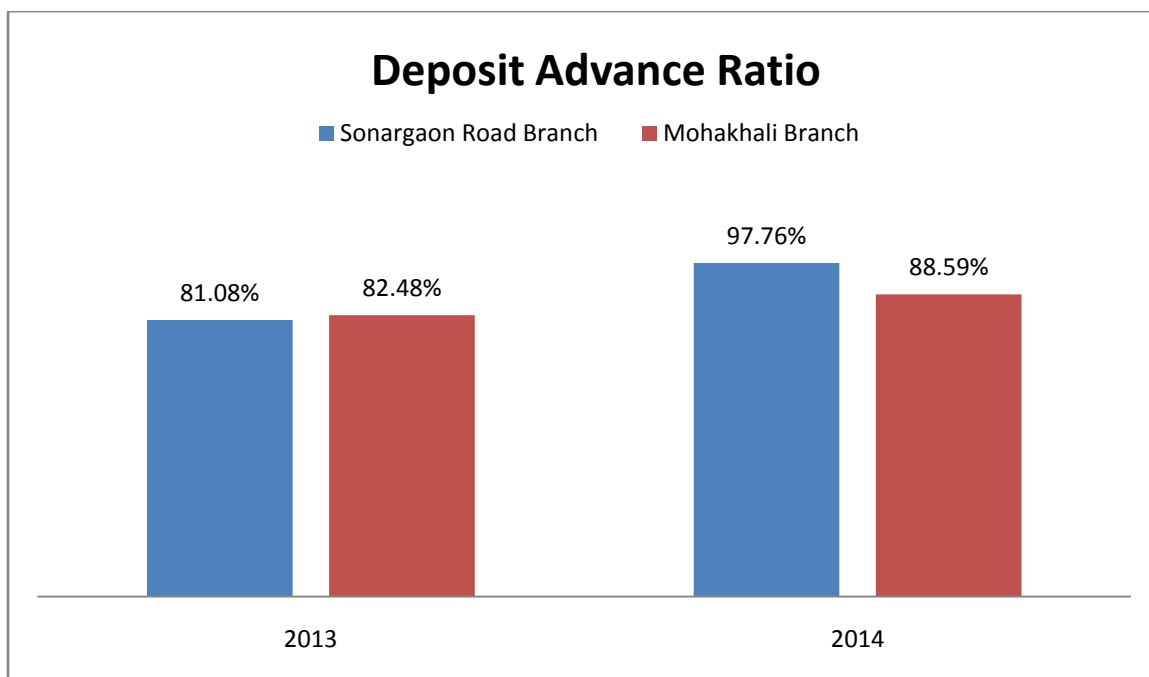
### **Findings about Non-Interest Incomes to Total Income**

The graph shows that Sonargaon Road Branch has 31.97% non-interest income among total income in 2013 and in 2014 it was increased to 43.00%. Mohakhali Branch has 45.51% non-interest income among total income in 2013 and in 2014 it was increased to 50.52%. It indicates that Mohakhali Branch has higher non-interest income than Sonargaon Road Branch.

## **Deposit Advance Ratio**

**Table: 12-Deposit Advance Ratio**

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 80.08% | 97.76% |
| Mohakhali Branch      | 82.48% | 88.59% |



**Fig-12: Deposit Advance Ratio(Author's Compilation)**

### Findings about Deposit Advance Ratio

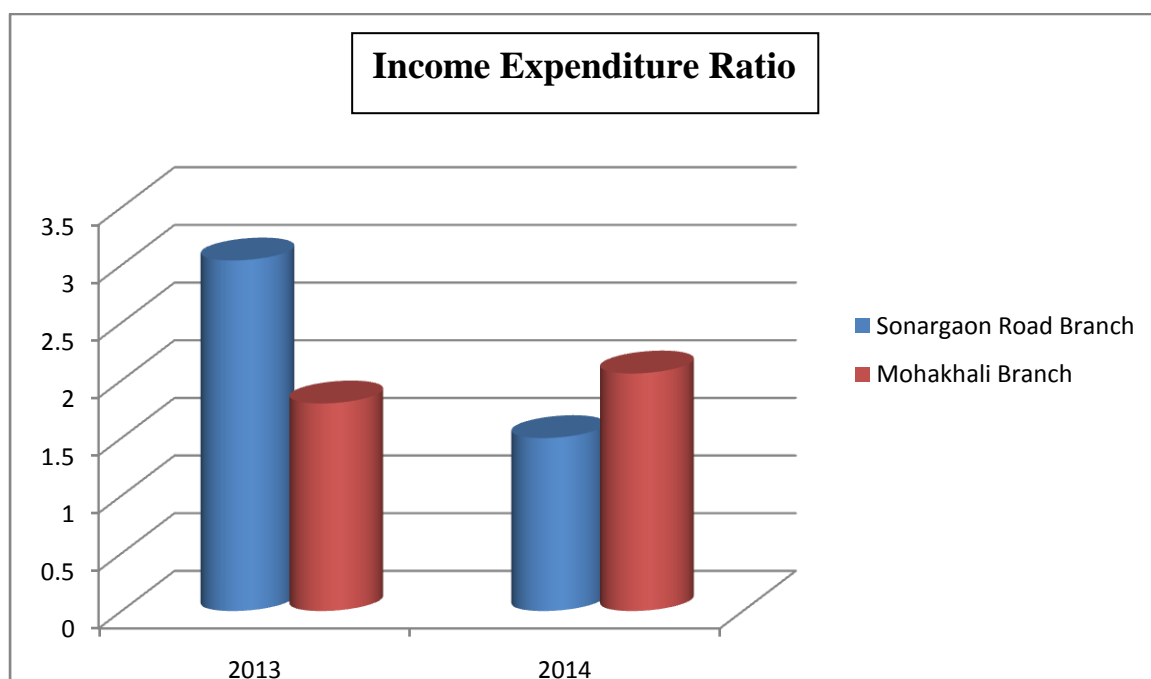
The ratios of advances and investments to deposits showed over-all advances and investments position. The standard of this ratio is 81%-85%. In 2013 both the branches are in standard level. But both the branches ratio has been increase in 2014. So they need to focus on it and try to come between the standard by reducing advance or increasing deposit.

### Income Expenditure Ratio

**Table: 13- Income Expenditure Ratio**

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 3.04:1 | 1.5:1  |
| Mohakhali Branch      | 1.80:1 | 2.06:1 |

(Author's Compilation)



**Fig-13: Income Expenditure Ratio(Author's Compilation)**

### **Findings about Income Expenditure Ratio**

From the graph the Income Expenditure Ratio of Sonargaon Road Branch is 3.04:1 in 2013 and 1.5:1 in 2014. It means it is reducing so it is a good sign as expenditure decreases. But on the other hand Mohakhali Branch expense is increased according to the graph. So Mohakhali Branch need to more concern on this issue.

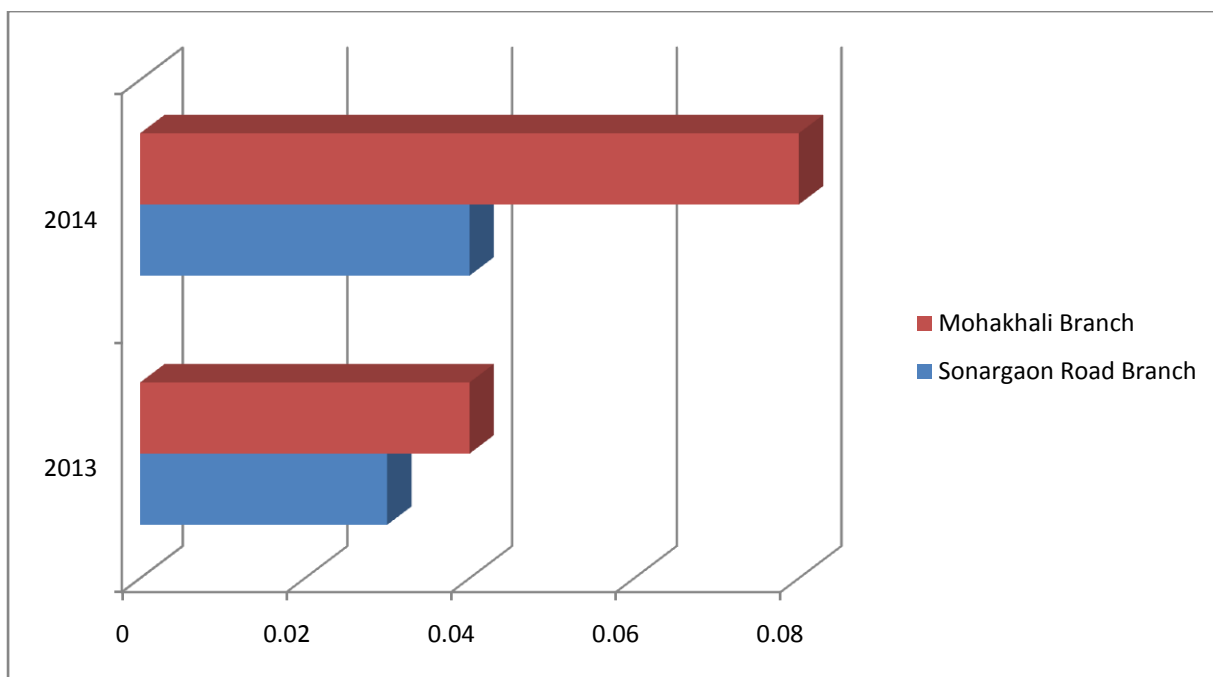
### **Employees Expenses to Total Income Ratio**

**Table: 14- Employees Expenses to Total Income Ratio**

| Particulars           | 2013   | 2014   |
|-----------------------|--------|--------|
| Sonargaon Road Branch | 0.03:1 | 0.04:1 |
| Mohakhali Branch      | 0.04:1 | 0.08:1 |

**(Author's Compilation)**





**Fig-14: Employees Expenses to Total Income Ratio (Author's Compilation)**

### **Findings about Employees Expenses to Total Income Ratio**

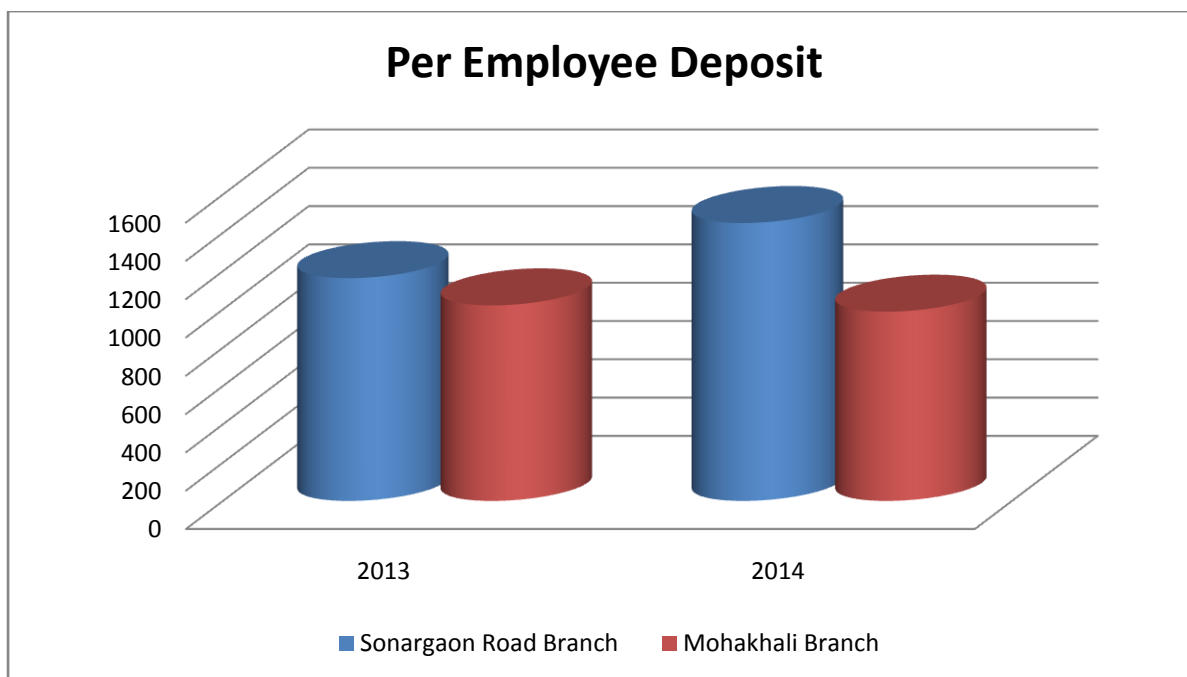
From the graph the Income Expenditure Ratio of Sonargaon Road Branch is 0.03:1 in 2013 and 0.04:1 in 2014. It means it is increasing but not that much so it is a satisfactory sign as expenditure decreases. But on the other hand Mohakhali Branch expense in terms of employee is increased according to the graph as they have more employees. So Mohakhali Branch need to more concern on this issue.

### **Per Employee Deposit**

**Table: 15- Per Employee Deposit**

| Particulars           | 2013       | 2014       |
|-----------------------|------------|------------|
| Sonargaon Road Branch | Tk.1162.96 | Tk.1450.74 |
| Mohakhali Branch      | Tk.1020.43 | Tk.988     |

(Author's Compilation)



**Fig-15: Per Employee Deposit**

**(Author's Compilation)**

### **Findings about Per Employee Deposit**

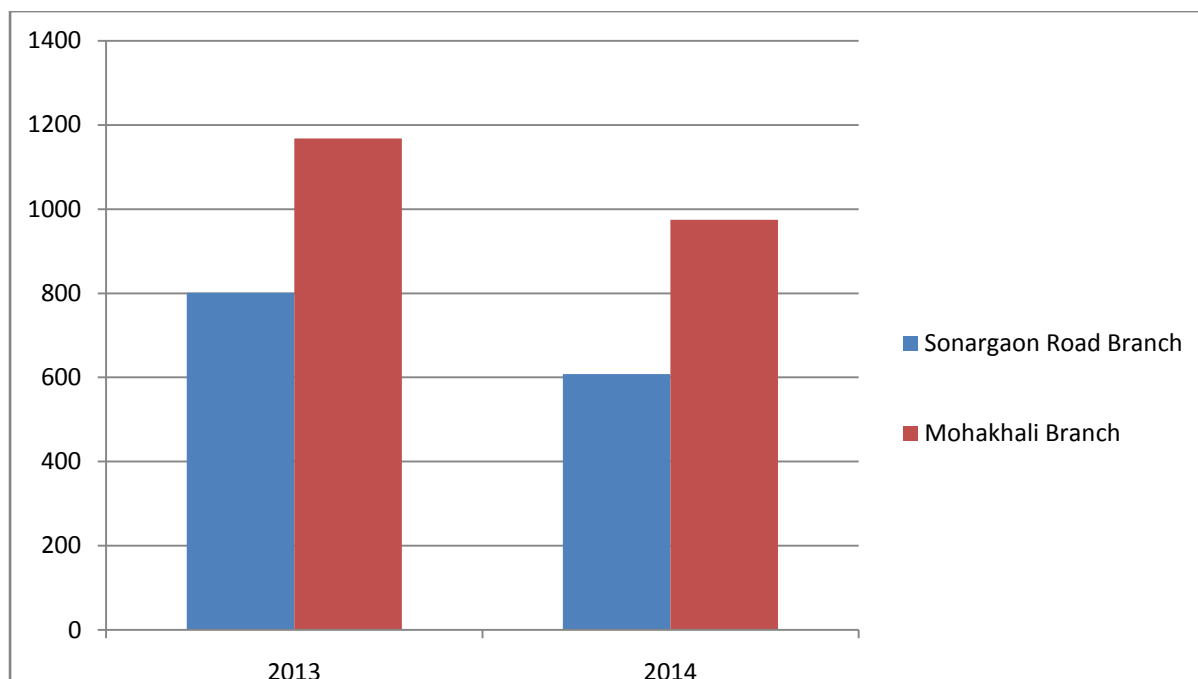
It clearly shows that Sonargaon Road Branch deposit is increased from the year 2013 to 2014. But the deposit of Mohakhali Branch employee was not increased rather it decreased in 2014. So Mohakhali Branch needs to be concerned on this issue.

### **Per Employee Advance**

**Table: 16-Per Employee Advance**

| Particulars           | 2013       | 2014        |
|-----------------------|------------|-------------|
| Sonargaon Road Branch | Tk. 800.55 | Tk. 1168.88 |
| Mohakhali Branch      | Tk.607.33  | Tk.675.00   |

**(Author's Compilation)**



**Fig-16: Per Employee Advance(Author's Compilation)**

### **Findings about Per Employee Advance**

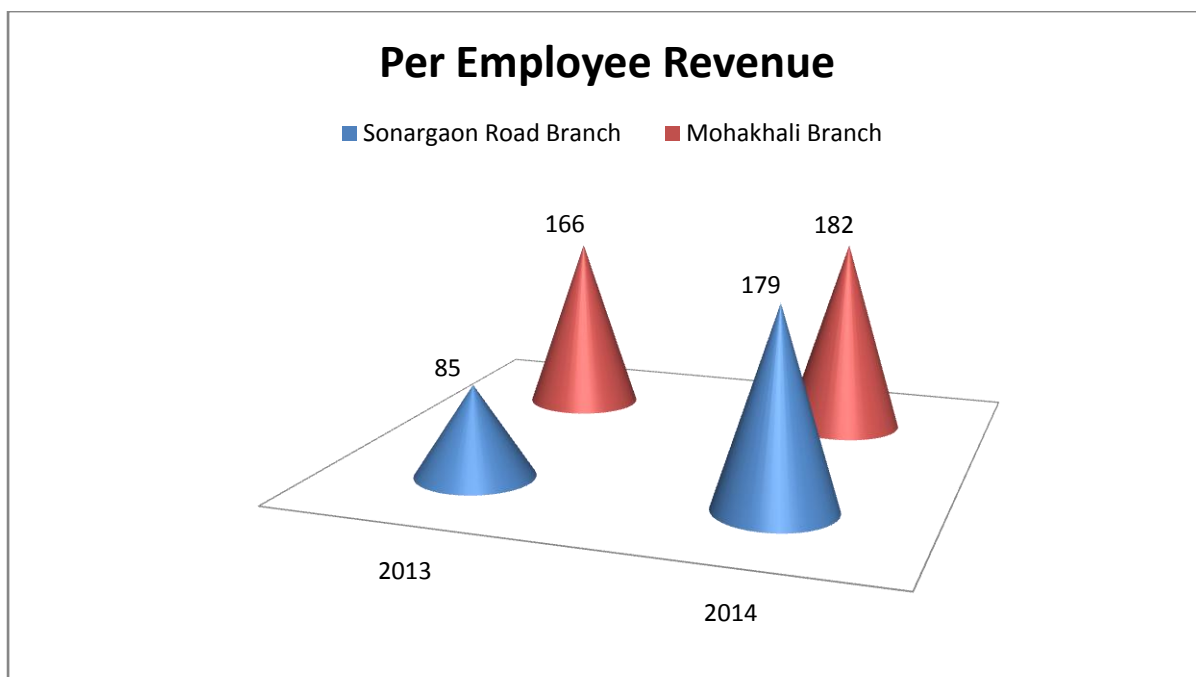
It clearly shows that Sonargaon Road Branch advance is increased from the year 2013 to 2014. But the deposit of Mohakhali Branch employee was decreased in 2014. So Mohakhali Branch needs to be concerned on this issue. As their employee increased but the advance did not increased.

### **Per Employee Revenue**

**Table: 17-Per Employee Revenue**

| Particulars           | 2013      | 2014       |
|-----------------------|-----------|------------|
| Sonargaon Road Branch | Tk. 84.07 | Tk. 179.19 |
| Mohakhali Branch      | Tk.165.38 | Tk.182.25  |

(Author's Compilation)



**Fig-17: Per Employee Revenue**

**(Author's Compilation)**

### Findings about Per Employee Revenue

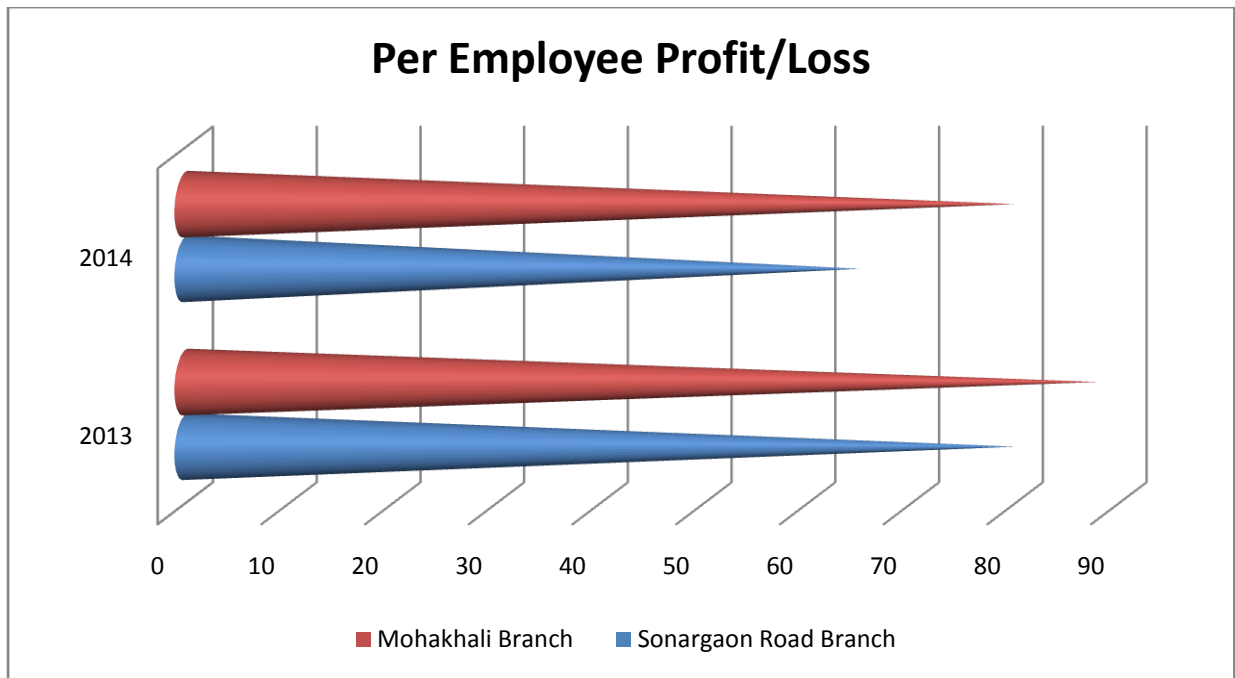
The graph evidently shows that Sonargaon Road Branch and Mohakhali Branch both revenue based on employee is increased from 2013 to 2014.

### Per Employee Profit/Loss

**Table: 18- Per Employee Profit/Loss**

| Particulars           | 2013     | 2014      |
|-----------------------|----------|-----------|
| Sonargaon Road Branch | Tk.80.00 | Tk. 64.48 |
| Mohakhali Branch      | Tk.87.55 | Tk.79.08  |

**(Author's Compilation)**



**Fig-18: Per Employee Profit/Loss(Author's Compilation)**

It clearly shows that Sonargaon Road Branch per employee is increased from the year 2013 to 2014. But the deposit of Mohakhali Branch employee was decreased in 2014. So Mohakhali Branch needs to be concerned on this issue. As their employee increased but profit did not increased in this modulus.

## **CHAPTER-08**

# **FINDINGS, RECOMMENDATIONS AND CONCLUSION**

### **Finding about the performance of Jamuna Bank Limited**



After analysing the performance of Jamuna Bank Limited, I have found some important things regarding the bank as well as Sonargaon Road Branch. These are given below:

- In the year 2014 the bank attain around 22% growth of assets which is a good sign for the bank.
- In 2014 JBL's liabilities is amplified from the previous year. It increased around 21%.
- The bank keeps provision against non-performing loans and advance.
- Total deposit of JBL in the year 2013 was Tk. 97485.61 million but it has increased in 2014 and it was Tk. 114635.13 million. So the growth rate is around 18% in 2014.
- Profit before tax was decreased of the bank. (Tk. 2284.89 million in 2013 but Tk. 1847.38 million in 2014).
- Profit after tax was increased of the bank. (Tk. 1135.19 million in 2013 but Tk. 1347.12 million in 2014).
- In the past JBL's credit rating was A-1, now it is AA-3. So it indicates the bank is performing well in terms of credit.
- There are no significant deviations in 2012 operating result. The performance of that year is mainly caused by political crisis and economical instability of the country.
- The investment of the bank was increased in 2014. (Tk. 39963.50 million in 2014 but Tk. 31392.20 million in 2014). So Jamuna Bank has maintained the minimum requirement.

**Sonargaon Road Branch is one of the major branches of JBL. The causes are:**

- The branch is located in one of the major business area of Dhaka City.
- According to the branch employee, the branch has around 1000 Deposit account at the same time around 350 Loan account as per Oct, 2015
- The branch has always goes near to the target and every year they made profit on the other hand some branches made loss almost every year. So this is important issue for JBL.
- The Branch deposit has increased from year 2013 to 2014. (Tk. 39943.61 lac in 2013 but Tk. 47936.92 lac in 2014).
- The Branch Loans & Advance has increased from year 2013 to 2014. (Tk. 26599.47 lac in 2013 but Tk. 37603.44 lac in 2014).
- Some big companies maintain account with this branch. So almost all their transactions are done through his branch. The Companies are- Rangs Group,

IfadAutos, Bio-Trade, Abdul Monem Ltd and so on. Some partnership firms, cooperative firms have also maintained account with the bank.

## Recommendations



Through this study I myself gained some practical knowledge. I want to put some suggestion here which I think if followed would definitely help Jamuna Bank Ltd. to Improve their performance and there-by its contribution in the whole economy.

### **Suggestions are-**

- To attract more clients Jamuna Bank Ltd. should sought new marketing strategy, which will increase the bank performance.
- Introduction of various incentives to increase remittance.
- Effective and efficient initiative is necessary to recover the default loans.
- They should invent other type of deposit to attract more customers which is different from other banks.
- JBL should maintain more cash and deposit balances with other banks. Because it is desirable that banks keep their cash and balance with other bank to such extent so that it can minimize the chance of liquidity crunch.
- JBL need to put some special look on some ratios which fluctuates more.
- JBL had fair leverage ratios in where it uses the debt most to increase revenue rather than the equity. It may increase the risk of the bank. So, to minimize the risk I think JBL should finance more equity.
- Should increase the number of ATMs and ensure their smooth operations.
- In Sonargaon Road Branch there is less accountability which may mislead the branch. So good chain of command need to be maintained.
- In Sonargaon Road Branch casual staffs are not that much proactive and they have less co-ordination among them.
- Another most interesting thing I found most of the employee of this branch is recruited through lobbying. Some of them did not have much knowledge what to do. So JBL



should recruit more capable & experienced employees to spread the products all over the country.

- As per customer response, JBL Sonargaon Road Branch is taking long time to process any banking work. More easy way should find to minimize the duration of service.
- JBL is needed to reach the brand value to the customers for building up ideal relationship to create loyal customer

## Conclusion



In this age of modern civilization bank is playing its splendid role to keep to the economic development wheel moving. We can see lot of new commercial banks has been established in last few years and these banks have made this banking sector very competitive. The major task for banks, to survive in this competitive environment is by managing its assets and liabilities in an efficient way. JBL has a strong financial base and huge assets to meet up its liabilities which make this organization financially sound and solvent. Jamuna Bank Ltd. started with a vision to be the most efficient financial intermediary in the country and it believes that the day is not far off when it will reach its desired goal. JBL looks forward to a new horizon with a distinctive mission to become a highly competitive modern and transparent institution comparable to any of its kind at home and abroad.

Jamuna Bank Limited has been working with great confidence and competing tremendously with Government oriented bank, local commercial banks along with the multinational banks also. Jamuna Bank Limited always tried its level best to perform financially well. In spite of trying to do well in some aspects Jamuna Bank Limited faced some financial problems from time to time. Some of the problems were-excessive bad loans, shortage of loans and advances, scarcity of cash in hands due to vault limit etc. These problems arose time to time due to economic slowdown, interest rate fluctuation, emerging capital market, inflation in the money market and so on. Fighting with all these problems and competing with other banks every moment the bank is trying to do better to best. If this thing continues we hope that Jamuna Bank Limited will develop even more in the future.

It was an honour for me that I have worked as an intern in a reputed organization like Jamuna Bank Limited. The JBL is a bank that confirms the best service to the customers Jamuna bank Limited is the fastest growing Bank in Bangladesh. By working in several division of Sonargaon Road Branch, Jamuna Bank Limited, the practical knowledge I got will be helpful enough to sustain with the real organizational environment.

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